ROLE AND PROBLEMS OF DEPARTMENT OF AGRICULTURE IN AN ATOMIC AGE

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INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

Honorable John H. Davis, Assistant Secretary of Agriculture, was born near Wellsville, Missouri, 9 October 1904, and grew up as a typical farm boy. He received his bachelor's degree from Iowa State College and his master's and Ph. D. degrees from the University of Minnesota. After graduation he taught agriculture in several of the Iowa schools and later became superintendent. He started his service in the U. S. Department of Agriculture in 1936, working as an economist on farm management problems; was with the Farm Credit Administration, 1940; and was Chief of the Wheat Section in the Commodity Credit Corporation, 1942-1944. He has attended most of the international conferences of the Food and Agriculture Organization of the United Nations and the International Federation of Agricultural Producers. In 1952 he was employed as general manager of the National Wool Marketing Corporation, Boston, Massachusetts; was executive secretary of the National Council of Farmer Cooperatives, 1944-52; and until recently, was a member of the National Agricultural Research Policy Committee, which was established under the Research and Marketing Act of 1946 to advise the Secretary of Agriculture on research matters. Prior to his appointment as Assistant Secretary, Mr. Davis was Director of Commodity Marketing and Adjustment. He also served as President of Commodity Credit Corporation until recently and is presently serving as a member of the Board of Directors of Commodity Credit Corporation. His present area of responsibility is in the field of marketing and foreign agriculture. This is his first lecture at the Industrial College.

ROLE AND PROBLEMS OF DEPARTMENT OF AGRICULTURE IN AN ATOMIC AGE

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COLONEL WING: General Greeley, distinguished guests, and fellow students: During the past few days of this final unit of our course, you have had a series of lectures and you discussed with these speakers the general problems of the effects of an atomic attack on this country.

We enter now a series in which we will examine the roles and the problems of the major departments of the Federal Government in such an atomic-attack situation. In this industrial age many of us think of heavy industry, such as the steel industry, as being our major or largest industry and as being the most basic to our economy. Where the steel industry measures its output around the hundred-million-ton mark, our agricultural industry, for both industrial agricultural products and food, measures its output at nearly the billion-ton mark. So in reality it is far the major industry.

Now, where heavy industry, of course, is essential to national power, without the food products, and without the industrial agricultural raw materials, our heavy industry would very soon cease to function.

Many of you heard someone from this platform the other day make the remark that in his opinion probably our greatest immediate problem following such an attack would be the availability and distribution of basic foodstuffs, basic food products. For, where we can all wait during the period of rehabilitation before we start our consumption or use of metals and heavy industrial products, we can't do very much waiting, for that five-pounds average or so of food that the American individual consumes daily. We must have it now, and on the spot, if we are going to pick ourselves up or function at all or even live.

For this reason I think it is very fitting that in investigating the roles and problems of the Departments of the Federal Government we first take a look at those problems in the role of the Department of Agriculture. I also think it is very much in line that, to discuss this problem with us, we have the Honorable John H. Davis, Assistant Secretary of Agriculture for Marketing and Foreign Agriculture.

It is indeed a privilege and a pleasure to present to this class the Honorable John H. Davis.

SECRETARY DAVIS: Colonel Wing, members of the class, and guests: I am very glad to be here. I have a prepared statement which I think is not really too appropriate for this occasion. As I understand it, you are building your problem around a pretty specific situation involving the destruction of 20 cities, and we are looking at what confronts us the morning of the day after the attack.

In a general way the responsibilities of the Department of Agriculture with respect to an atomic attack relate to food production and food distribution. The immediate problem we would face following an atomic attack would be one involving mostly food distribution.

Before we get into the details of what we would be up against in case of an atomic attack, I think we should first note some of the characteristics of agriculture. In the first place agriculture is a very decentralized industry, probably the most decentralized industry that we have among our major industries in this country today. Production takes place on some 5 million production units. Most of that production, though, commercial production--the production that moves into the cities and towns--takes place on about 2.5 million farm units. Not only is this farm production function greatly decentralized, with each of the units making its own decisions as to production and marketing, but the distribution system also is quite decentralized. There are a good many thousand firms that carry on this distribution function day by day.

Not only is the distribution system decentralized, but its distributing process is a segmented process, a segmented function. What I mean is this: When you take a common commodity, after it leaves the farm--a commodity such as milk or wheat, for example--you will find individual firms performing specific functions in the distribution process. Maybe it is the milling of the wheat or the pasteurization of the milk in order to get the product in form for distribution. Then another firm, owned by other people, takes on the next step. You may have a series of a dozen or more of those functions taking place by separate firms. It is really a segmented function.

In other words there is no vertical integration that, in the first place, ties production and distribution together, nor is there actually,

in the case of most commodities, that high degree of vertical integration that ties together all the processing and distribution functions.

Let us look at a typical big city. That city is probably dependent on a fluid milk supply that has to be brought in fresh every 24 hours from the nearby producing area or milkshed. It is pretty much a 24-hour proposition so far as the milk supply is concerned. While fluid milk is regarded as a necessity for both children and adults, there obviously would have to be some priority of use in case of an attack that would cripple the flow of the supply. It would be most essential for babies and small children, and thus, there obviously would be need for bringing in a certain amount of it in order to keep life going. We do have today powdered milk, without the fat; we have a certain amount of evaporated and condensed milk.

The canned goods supply in the city would, on the whole, probably last not much more than a week.

In terms of cereals, particularly flour, the city would probably have enough to last one or two weeks. The distribution of it would be pretty spotty.

The location of these stocks of food items is decentralized. Some will be in stores themselves, on the shelves. Some will be in the warehouse part of the store, just behind it. Some will be in the warehouses of all the general food distributors. Some of the food stocks will be in central warehouses. Additional supplies will be in the supply pipeline heading for the city since in the distribution process there is a constant brigade of trucks and trains and, in certain places, boats, that move these products into town.

On the whole, taking everything into consideration, the supply of food in a city is provided for a period of somewhere between one and two weeks, with certain essentials like milk on a one-day basis.

We have today, I think, 33 cities of a million people or more each. Around these 33 cities lives approximately 90 million people, and between one-third and one-fourth of that group live in cities along the eastern seaboard. In a city that has water transportation, like New York, and which also has to move much of its supplies through tunnels or over bridges, there would be areas that would be almost completely shut off

following an attack. Even if the transportation arteries were clear, they would be broken in places. That would be pretty much true in a place like Washington where supplies come into the District from the South and from the West. Of course, there would still be the direct lines coming in, perhaps, from the North. But I think following an attack there certainly would be a period of chaos and congestion.

Let us take a look at the supplies that are nearby in this eastern area. Take a State like New York--the State of New York does not begin to produce as much food as it consumes. The northern and southern parts of Pennsylvania produce much of the milk supply for the city of New York, that is produced in the New York milksheds. Some of the milk also comes from New Jersey and from other States too.

When it comes to grains, they are shipped in from, say, 1,000 or 2,000 miles. Large numbers of livestock are shipped from as much as 2,500 miles. Processing is mostly done some distance away. These eastern cities are very much dependent upon day-to-day transportion, which we just take for granted--a trainload of food a day, and truckloads of it rolling in at all hours.

When it comes to fruits and vegetables, there are the frozen items which, I suppose, would be mostly wasted, except for what could be distributed within a few hours, because refrigeration would go out with the break in power service. That includes refrigeration in the homes. It would include the refrigerated warehouses. The stoppage of refrigeration would affect the stored fish and meats, as well as the frozen fruits and vegetables. Probably they would still be good after some number of hours if the refrigerators were still intact and if they were not opened up too frequently. I suppose if a cooling temperature could be maintained in the refrigerators, the products there would be still available for distribution over a two- or three-day period.

A large part of our fruits and vegetables today are fresh fruits and vegetables, and they would be completely cut off, of course.

I think that one of the big problems that would be encountered would be that of hoarding. People would be panicky following an attack. People would be inclined to be provident and to want to take care of themselves. Unless there was promptly thrown into gear a system that would take control of the warehouses and the bigger centers of distribution such as stores and so forth, I think there probably would be rioting and seizure

of supplies, pilfering, and all of that. So to prevent that, it would almost be necessary to be in position to place the locally available strategic food supplies under some kind of martial law, or certainly under control.

Then there would have to be a distribution center. I think there also would have to be set up immediately in the areas where food distribution is upset some kind of feeding centers. With electricity cut off, I believe much of the cooking equipment used today would be rendered useless. So there would probably have to be some feeding centers.

I suppose a big city could, if it had a fairly good system of distributing what was there, get along on very restricted rations, considering the availability of cereals. They include not only flour, but also the breakfast foods and prepared foods of that kind that doesn't require refrigeration. They would be available. And then there would be the canned goods and so forth. I suppose a city, if it had to, could get by for a week or ten days with the food that is in the homes, the food that is in the stores, and the food that is in the warehouses.

But the big problem, I think, would be one of trying to control the distribution of the food that would be available in a city, and perhaps rationing it as probably would be necessary. That, I think, would be a sizable job to organize. In all frankness and candidness, I think we are completely unorganized along that line today. Major cities, so far as I know, are not carrying out such a planning function and, frankly, the Department of Agriculture has not gone very far in that kind of planning. I think that, if a situation like that described in your problem suddenly hit us tonight, we actually would be very poorly prepared to deal with it.

Now, in areas where evacuation is practicable and where people could move out of the cities in these eastern areas, there is no great amount of food available on nearby farms. There is some, of course. There is livestock that could be slaughtered, if it was desirable to go in that direction. There is also some milk on nearby farms. But there is not much in the way of supplies of wheat that had been milled. In the Midwest the supplies of food would be more adequate as you move out of the cities into the surrounding farm areas.

Among the foods that I think would be most basic in a situation following an attack would be the cereals and sugar, which could be stored. In some of the bigger cities here in the East there would

be a fair quantity of sugar. There would also be some supplies of evaporated milk and dry milk powder, and, of course, some canned goods.

I have tried to say that I think for the immediate situation following an attack today would be one of chaos because we are not organized to take care of it. If immediately there could actually be brought into existence feeding centers and a program of control and rationing, I think the bigger cities would be able to take care of themselves for a number of days. I think that if once the roads were cleared and the highways again made useful, food could start moving into the city very rapidly, provided there was not continued bombing taking place.

One of the things about a decentralized system like agricultural distribution is that all of it is not going to be knocked out at one time. Fortunately, our food supply basically is not vulnerable to these attacks. So far as the production part of it goes, it would still be there. In that respect, I think that this decentralization actually is an advantage.

Many farms have trucks and every little village has its own hauling and procurement facilities. These could be mobilized and fleets of trucks put into operation very quickly to start food moving, and the food would be forthcoming every day, day after day. So that supply as such is not a problem--but the supply at its source. In this short-time problem that we are talking about, it is a matter of the supply of food to where it is needed. I think that if a way could be found to survive the first few days, assuming there is not continued disruption from bombing, there could very quickly be mobilized the forces needed to get food in by truck, if not by any other means. Probably people would not have all the selection of fresh fruits and vegetables and frozen fruits and vegetables, and so forth, to which they are accustomed, but they could have enough food brought in so that they could survive. If there was continued bombing, so that the disruption was continued, it would be different.

I would like to say a little about the long-time problem, if the attack should run over a longer period of time. Today we are pretty well placed in terms of basic resources in agriculture. We have the biggest productive capacity in operation that we have ever had. We have built up sizable surpluses, particularly of cereals, fats and oils, and items of those kinds. Perishables such as butter and cheese, of course, require refrigeration for storage and to get them where they are needed. Most of the other items do not.

If we were to hit a long, continued war period, then, it is not what you have in reserve that is important; it is your capacity to produce. Of course, that is what we found out in agriculture during World War II. A remarkable thing happened in World War II. The Nation found that during this war period we stepped up our agricultural production by about 40 percent, despite the fact that large numbers of workers moved out of agriculture into the armed services and into war plants and other similar activities. Despite the drawing out of farm workers and the shortages of supplies and equipment needed on farms, we still stepped up our production by 40 percent.

Now, of course, what took place is this: There were incentives to put into use a backlog of technology that otherwise ordinarily might have been adopted or perhaps might have gone into use over a much longer period. We believe that if a similar situation were to arise now and we had the same need for stepped-up production that we had in World War II, we probably could, with the same incentives that were then available, step up our overall agricultural production by another 20 percent if we had to, over a period of perhaps three years or so.

However, I don't think we could do that with the same drain on manpower that took place the last time, because we are down now to a minimum. Before World War II the depression had actually caused a reversal, for a period of time, of the movement of people away from agriculture in the rural areas to the cities. The lack of employment opportunities in the towns and cities reversed the flow away from the rural areas where there soon developed a sort of stagnation of young people. The percentage that had been moving off the farms were inclined to stay there because of the lack of jobs elsewhere. As a result, we had somewhat of an abundance of labor to draw on in the rural areas when World War II started.

That is not true now because opportunities off the farms have been readily available, and therefore, there has been a movement from the farms to the cities at a fairly rapid pace.

I would like to emphasize again the fact that, for a long continued war effort, it is really our capacity to produce that is most important, and not any reserves that we have or will set up.

During World War II we had some interesting experiences with controls and rationing. I think we learned many things that we could apply another time. I think we also learned some things that we would not do again.

We put the price controls and rationing on items like sugar and canned products that first must be processed. On those items that don't have to go through some kind of processing in a plant where controls can take place, if the items really get scarce, it is awfully hard to control them. Meat is a good example. Ordinarily meat does go through a processing plant and you can get control of it. But it is easy to set up for processing in a barn in some out-of-the-way place and thus carry on a black-market operation.

If you look at the figures and percentages of livestock that went through the regular packing plants during the war years, you will find there was a decrease. Many small processing plants sprang up almost overnight to handle meat animals. Some of them were just places where the animal was strung up and butchered. Of course, there is a lot of waste in that kind of processing. The blood and the bones are lost. Those by-products are usually destroyed because they are evidence; or at least they don't go into the processing.

The thing is, where there is an item that does not have to go into a processing plant and it becomes scarce, it is awfully hard to make rationing work. I would say in general that I don't think we actually gained too much by having rationing of meat and price controls on it in World War II. There were periods when the meat supply almost equaled the demand. It looked as though rationing was working pretty well in those periods; but we hit those periods about once or twice a year during the seasons of heavier marketings of animals..

Every time we hit a period when there was a scarcity of either livestock or meat, black markets appeared. Meat was not available through the regular channels; people with coupons could not get it. We just never found a way to control it. I don't know, frankly, today how we could go about it and make controls work on an item like meat.

We also had some experiences with price controls that were very illuminating. When corn was selling for a dollar a bushel, I was in the Department of Agriculture. I was there for about a year and one-half during the war when these various controls were being put into operation. I well remember it. We put the price ceiling on corn. It was announced by a press release and it froze every distributor and every buyer at the price he paid that day. We froze it at a dollar basis Chicago. That proved to be too cheap, in terms of feeding ratios, and we provided a great incentive for stepping up the rate of feeding to livestock.

Then also we resorted to bringing wheat down from Canada. There was a serious question at the time of whether we should use our transportation for moving the grain north and south--which is not the regular way of moving it. With the shortage of boxcars, we got all tangled up in a transportation problem. There also was a question of using boats on the Great Lakes for grain versus iron ore. We stepped up the consumption of grain by freezing the price of corn at a low level. We also froze the price of concentrates--protein concentrates--at a low figure. This gave rise to a problem in the east-coast and west-coast areas where corn and protein feed shortages soon developed as a result of the low prices. Shipments of these deficit areas virtually dried up because it was more profitable for farmers in the corn and other feed-producing areas to feed their supplies to livestock than to sell them on the market. Most of the corn, for example, is on farms in the Midwest. Each farmer has the choice of selling or not selling it. If he can make more money by feeding the corn to his hogs than selling it, he will do that.

If you freeze the price of corn, which we did, and make the cost price exactly the cost price at the point of origin, plus the handling charge--everybody takes a handling charge, there's no leeway there--you make the east-coast and the west-coast price exactly the price at the point of origin plus these handling costs. This virtually halts the movement to deficit areas. The way the east and the west coast get corn from the Midwest is to up the price one-eight to one-fourth of a cent a bushel. That will take care of it on the supply situation. If somebody wants more, he can up the price a fraction of a cent and he gets the corn. However, with Government price ceilings in effect, the price of corn could not be moved higher legally and this gave rise to black-market operations. That's another thing we didn't have licked by the time the war ended. We still had that black-market problem to lick.

If we permitted the eastern area to have a little price advantage over the Midwest, then that would bring too much corn to the East. In a free market without Government price control, prices move up and down by themselves as demand conditions warrant. The market price will go up one-eighth or one-fourth of a cent for a half-hour or a day, or whatever it takes to satisfy the demand, then when that is satisfied, it drops off again. The buyers stop buying and the market drops back again. It's an automatic evener. It's off and on. That is completely destroyed when price control is imposed. It stops the normal flow from producing to deficit areas and gives rise to all kinds of complications, including shortages and black markets.

I think that with these general comments I have made, maybe the best use of the time now, Colonel Wing, would be to let these gentlemen ask me questions. Then we will probably get closer to what really is on their minds.

COLONEL WING: Gentlemen, before Secretary Davis starts answering questions I want to mention something. I think we owe him a little hand for having the courage that many speakers who come do not have. When he arrived here this morning and we were explaining the entire course here and so on, and what we are doing, he said: "I have a nice, well-written talk here, but I can see that it does not apply to your problem; so I am going to throw it away and not look at it. I am going to talk of things that apply to you as I would think of them as Assistant Secretary of Agriculture." Secretary Davis is ready for your questions.

QUESTION: First of all I would like to say, Mr. Secretary, that I think it is a good thing that somebody in the Department of Agriculture thinks our surpluses are a blessing. In regard to the destruction or closing of the commodity exchanges, how would that affect the distribution of the products on the farm? As I understand it, most of the brokers buy these, and it is a centralized deal. If they were kocked out, would seizure be necessary at the source?

SECRETARY DAVIS: Well, in the first place, it is only in the case of grains and cotton and some of the fats and oils that you have an organized futures market. In World War II you remember they stopped operating because there was a ceiling price. All prices got to the ceiling and stayed there, so the price was on a straight line. There was no variable price; therefore there was no opportunity for operating a futures market.

Now under those conditions, markets can function all right if on a cash basis or contract basis. I think, coming to this question of seizure, that it all depends on the magnitude of the emergency with which we are confronted. During World War II there was some thought given to seizure, but nothing of the kind was actually carried out. We did resort to allocating supplies in the hands of elevators and others. That worked within certain limits. However, I am sure that if the situation became severe enough, you could and would actually seize the product in order to keep people from starving. I think it would depend on the magnitude of the problem. You would have to be almost under martial law, I think, in the rural areas to do that. But you would find a feeling of patriotism, and so forth, which would help.

In World War II we didn't do that. In World War II you remember we actually increased our standard of living per capita, despite the war.

Speaking of the surpluses we have and the blessing that might be in a situation like this--the advantage of the Commodity Credit Corporation owning stocks is that with these holdings the Government can actually control their distribution and utilization; whereas the stocks back on the farms are much harder to control.

We have corn, wheat, fats, and oils that we actually own and we can put those into the channels of distribution; nobody can upset that. There's the other advantage in the Government having stocks in a situation like this. You don't have to go out and acquire them.

I don't know whether I succeeded in answering your question or not.

STUDENT: You did, so far as the seizure is concerned. I still don't understand--if those brokers were disorganized, how would you go about buying those products?

SECRETARY DAVIS: The brokers and other distributors are not disorganized. They adapt themselves very quickly. Again coming back to World War II, what was done there was the setting of margins. The margins were set somewhere within the average or maybe a little on the liberal side, in order to take care of the hardship cases. We obviously didn't want to put people out of business. The distributors adapted themselves to the circumstances and also helped set up the machinery. They were around in a big way when the planning was going on. As a matter of fact we drew some of them in to get their know-how into the picture, so that they would be geared into the plan and make sure it would work.

STUDENT: Pardon me, sir. My prompters say I put the question to you incorrectly. Suppose they were atomized and were not in existence--suppose they were knocked out.

SECRETARY DAVIS: I think there again the fact is that it is a segmented affair and sort of operates in a loose way. Everybody is looking for opportunities and is fast to look for opportunities and move in. If he is not there, another one moves into the new opportunities that exist. Because of that it would, I think, solve itself pretty fast. I think probably that is the quickest way to solve it--to let these people who can adapt themselves pretty fast have the opportunity to move in rather than to have the Government try to say, "You go in here and do this job." I think actually

if you let them move into the opportunities they will solve the problem quicker. We have, however, a pretty extensive distribution setup across the country for most of these commodities. You could knock quite a segment of it out and still it would be in operation. The distributors have offices, the bigger ones, in various places. They could truck supplies from Chicago if New York were knocked out, or from Buffalo, or from some other city.

QUESTION: Mr. Secretary, I have two questions. Do you, as Assistant Secretary, or does the Department, the Secretary and the high staff of the Department, really think that an atom bomb or a bomb attack on this country could occur? Are you thinking about that as a real occurrence?

SECRETARY DAVIS: This is what you mean--are we keenly aware of the possibility and, because of that, are we thinking in terms of what we would do?

STUDENT: Yes, sir.

SECRETARY DAVIS: The answer is pretty much no. I am sorry to say that is true, but, candidly, that's it.

STUDENT: That partially answers my second question. However, there's another part to it. You, as Assistant Secretary, and the staff of the Department of Agriculture, have responsibilities to a very great segment of our people, and it is most necessary that you remain alive in order to exercise those responsibilities. Is the top staff of the Department of Agriculture planning in any way to operate from any other point in the United States.

SECRETARY DAVIS: Yes, we are. Another Assistant Secretary and some other people are going to that place tomorrow. Our plans are far from perfect, but there is thought being given to that.

QUESTION: Sir, is it within the province of the Department of Agriculture without further legislation to actually lay down plans for allocation, control, as you have been talking about it, in the event of such an attack; or would it require some new legislation giving you the authority to put this organization in standby or ready state to take over when the bombs fall?

SECRETARY DAVIS: Present control or rationing for the commodities we own would require complete legislation.

STUDENT: I am sorry. I didn't get it over. Have plans been devised this far for possible enactment? Have you done anything concrete?

SECRETARY DAVIS: We have submitted no law; no.

QUESTION: Mr. Secretary, recently a proposal was made that some of our butter surplus be sent to Russia. That was found quite distasteful. Has any thought been given to the bartering of butter for such things as manganese and tungsten, in any country?

SECRETARY DAVIS: Yes, that is considered. As a matter of fact, that has been to the full Cabinet for consideration. I think the situation is this: We are selling nothing behind the Iron Curtain that our Government owns. There has not been a sale of anything that our Government owns going behind the Iron Curtain. I suspect we have sold some fats and oils that may have replaced some other fats and oils that have gone behind the Iron Curtain.

We have in the last week or so announced a price on butter to go abroad. I suppose if we sold some, that same possibility may exist there. Here's the way that one stands at the present time: All transactions where our surpluses would go behind the Iron Curtain are to be looked at on a case-by-case basis. I think if there was a case where strategic material was urgently needed that could be bartered for some of our surpluses that are nonstrategic, that probably would be approved. It might be, say, butter for manganese or nickel. Nickel would be even more attractive, I think.

Suppose, on the other hand, that it were butter for furs or something like that. I think there probably would have to be some other circumstances related to it. When we look a proposed barter deal over and it looks as if it is more to our advantage than to our disadvantage, considering the security angle, to make the deal, then it would be approved.

QUESTION: Sir, I don't want you to consider this suggestion facetious, because you have one customer in me; but I think I could suggest how you could take care of some of your surpluses, and that is to design a survival food package, somewhat similar to the CARE

packages which have been long since in existence, and put them on the market at a relatively cheap price. I have seen nothing indicating that anybody in the Government is suggesting that this be done. They will say, "Get a lot of food, canned goods, and so forth." A balanced package which would support a family of three or four for 10 days--or for one day, and they could have 10 of them--I think would find in our present situation quite a few customers.

SECRETARY DAVIS: It probably would sell, if you had it priced lower than the price of the same items on the market. There would probably be repeat customers.

STUDENT: But even so, that type of food is generally not the kind of food that people want to eat every day, unless they have to.

SECRETARY DAVIS: Yes, but you would probably have flour, wouldn't you, and sugar?

STUDENT: I don't know. We got along. I am thinking of the 10-and-1 ration that I lived on for 30 days. Something like the Army rations.

SECRETARY DAVIS: Something that you had--something that was different and not as palatable, perhaps, as what people usually eat? I was thinking you meant items like flour, sugar, and dried milk powder.

STUDENT: No, I mean foods that would keep for six or eight months, a year, or indefinitely.

SECRETARY DAVIS: That has not been worked on; I don't think it has. Maybe we should think about it.

QUESTION: I would like to hark back to the question about whether you feel that dropping a bomb here is real. Your answer was no. Do you think that attitude is the proper one now or do you think it should change?

SECRETARY DAVIS: Oh, I am not here to defend it. I think we should be more concerned about it than we have been. It is really a problem to get that concern going. But I think one of the things that hit me pretty hard when I took this assignment and started looking into it was the small amount of work that has been done on it. Most of the work that has been done is of a planning nature; but when you get

right down and say, "This is the responsibility of such and such a person, in such a capacity, in a certain place, and we would do it in this area in this way"--none of that has been done.

STUDENT: It seems to me a case could be made saying the United States is less vulnerable, say, than England and France, and possibly than Russia, and we should not organize the United States for a drastic emergency because it is possible we ought to organize for possibly only so far as would be necessary. On that philosophy you might say, "Let's stay in Washington; let's not decentralize." I thought you might possibly ascribe to some such thing as that.

SECRETARY DAVIS: I think our biggest problem is the first week or so after the event takes place--our capacity to produce and the flexibility of the decentralized system that we have, the transportation, and so on. I think, assuming it was not a continued raid, which of course, presents a different problem, we would rather get our lines reestablished quickly. But I think we would have a period there that would be a very difficult one and a very serious one.

QUESTION: You characterized the situation that would ensue as chaos.

SECRETARY DAVIS: Yes.

STUDENT: Doesn't the Department of Agriculture have an assigned responsibility from ODM, a plan, so that there would not be chaos in the food-distribution area? What is the status of that planning?

SECRETARY DAVIS: I think so far as food goes we do have a definite responsibility. I think it is a responsibility that actually is a general responsibility. You get into transportation which is more or less someone else's responsibility, and you get into the question of policing and order. I think it becomes a part of everybody's problem. I think everybody has some of these general problems which we have; but in addition to that we have the specific problem of trying to get the food through and to control what is there.

Candidly, I have to say we are not near ready for anything like that to happen.

QUESTION: Mr. Secretary, in the event of 20 cities being atomized, and a shambles there of food-processing plants and warehousing plants,

what is your rough estimate of what our inventory of processed food would be in existence at that time? Predicated on that answer, what sort of control would you think would be necessary in the light of the malfunctioning of our distribution system to insure people who need the food of getting it. Would it be rationing, and, if so, how soon would rationing have to go in?

SECRETARY DAVIS: I think the problem would not be one of nationwide rationing. I think the problem would be one of rationing within the area that is hit and the surrounding area which would not be getting its customary supply of food. I think the greatest magnitude of that problem would be the day after the hit. Then, gradually, if it wasn't hit again, products would begin coming in, with the supply at the source still adequate. Rationing for any long period of time would not be needed. The only place that I can see where we would need rationing would be if we were exporting out of this country large quantities of food to meet the needs of our allies or armed services. That was what brought rationing about during World War II. Even in spite of that great movement, we still lived better per capita than we did before that period.

The question asked poses a situation that is not of long-time duration. If you look at the short period, you would still have abundance in the country and I think the operation of control would be limited to the hit areas.

QUESTION: Do you think the provident base as it operates normally would be enough to take care of that without excess providance?

SECRETARY DAVIS: No, I think not for that period of time. I think you would have a problem of hoarding, maldistribution, and so forth. For that short period of time I think in just days the distribution system of the country would begin to move products in as roads became open and trucks began to move. That would come about pretty fast.

However, it depends on the emergency. I think when the emergency is great enough, people are more inclined to try to make the best of the situation than they do when it is not as great.

QUESTION: You indicated that we have only a week's supply of canned goods in our cities, and I am concerned with that week's supply, that it is probably going to be in warehouses or stores, most of it, which are in the important target area. Actually, a week's supply is a little optimistic. I am wondering if it would be feasible for the Department of Agriculture to foster a plan where it would actively encourage home owners to stock the stuff. My view is that the greatest obstacle to that is the dirty-word implication we have hung on the word "order."

SECRETARY DAVIS: Yes, I think it would be patriotic, probably, for people to be a little more provident right now when there is an abundance of everything. This figure of a week or so in the supply of canned goods is a pretty rough one. The situation varies by market conditions and by seasons of the year. If the distributors in an area feel that a particular canned product in season now is probably cheaper than it is going to be later on, they will tend to fill their warehouse and fill an auxiliary warehouse elsewhere--if they are a big outfit--at that time. In another season of the year they will have drawn on that supply and if they think the price if going down, they will soon have a minimum of inventory. The supply in any particular city will vary by commodities, by the seasons within the year.

QUESTION: My question runs to the point of whether or not it would be feasible to actually encourage this storage in the homes.

SECRETARY DAVIS: I think it might, and I think that ties in with the suggestion that was made here before about a special package of food similar to the Army ration type. It may be that you can do both. Certainly there would be nothing unpatriotic about stacking some food on the shelves. I think that has been suggested in some of the general literature I have seen, some of the literature put out by the Civil Defense Administration.

QUESTION: I want to stick up a little bit for you, Mr. Secretary, and say something that maybe you would not say. I don't think that Agriculture, Interior, Commerce, or Labor can effectively pursue any planning or action for mobilization in the event of all-out war until they have had the proper leadership from the top and, if I am not mistaken, Defense Mobilization Order-19 (DMO) was issued in the early part of February or March to the Department of Agriculture, a couple of months

ago, which is, I believe, sufficient authority for the next fiscal year to do some planning along these lines and ask for some money to be budgeted; and perhaps some of these things such as special packages and such things could be taken up.

If I am correct in my assumption, where in the Department of Agriculture will the planning to implement this DMO start--across the board or at the top? Who will start doing it for us?

SECRETARY DAVIS: We have set up in the Department a unit in the Secretary's Office to do this. It goes down primarily into the stabilization agency. There's a unit there which carried on this same type of function during World War II and there's a considerably smaller force that is still intact there for that purpose.

I think there is lots to what you have said.

QUESTION: Mr. Secretary, you stated that we might increase the present agricultural production by 20 percent, but not with any great decrease in manpower. Does that imply, then, that the present agricultural population will be pretty well fixed where it is during the war. As a corollary to that, do you think we could realize any improvement, perhaps, in agriculture now by getting down a lot closer to a bare subsistence level?

SECRETARY DAVIS: The situation varies by area in the country. Still, in places like the South you have smaller units, and in other parts of the country, in all parts, you have some small farms that may be either 80 acres or 120 acres. They probably have neighbors who could take over that portion, with the equipment that they have, and keep that land in production. So you have some manpower that could be taken off. In your more mechanized areas the surplus labor, or that amount that could be drained off, is smaller. It really gets down to a question of skilled people.

Agriculture today on mechanized farms is quite a skilled occupation. Actually there is pretty much of a jack-of-all-trades employment. There are repair men, mechanics, machine operators, and so forth. The people really learn their work by growing up with it, to a large extent. It is a question, I think, of keeping the men that must be there to get the necessary work done.

You run into a good many problems along that line. One is a problem of relative wages. In general, agriculture has not paid the wages industry has paid. You lose some of those people. We did during World War II. Another problem is the matter of the feeling of patriotism on the part of the youngsters. Even though they are not drafted off the farms--unless they are told that this is the job they are to do, and unless they are almost put there by selective service, or something like that--many of them feel that they want to get into the Army and do their part.

You would have quite a problem of keeping men where they are needed; and certainly, there is no desire on the part of anybody in agriculture to keep men there who are not needed. Where you have people who can be spared, they should be treated like everybody else.

Again, may I say, during World War II we never really perfected that machinery. But I think there is a lot to be said for the selection of each boy and the rating of each boy being put into the hands of local people and the neighbors of the boys. These local people were on this board. I think they did a more equitable job than any others could have done. On the whole, I think, they did a more equitable job than could have been done by trying to centralize the operation somewhere else.

QUESTION: Mr. Secretary, I would like to pursue this question of legislative authority a little further. You have enumerated a number of areas of requirements of legislative authority from World War II experience. The civil defense concept adds additional problems to be resolved--as to who has the authority to be claimant for supplies and surpluses shipped in distress areas. You stated that the Department of Agriculture has not submitted any bills for legislation. Is there any effort being made within the Department of Agriculture, or in coordination with other agencies, to prepare such standby legislation now, and to what extent?

SECRETARY DAVIS: It has been discussed some. Frankly, I don't know the status of it. I doubt if it has gone along as far as it should. I think it is like most of the rest of the things, probably lagging behind. I am not, frankly, in a position to say just exactly the status of it now.

QUESTION: Mr. Secretary, would you comment on the stockpiling of food? It seems that stockpiling would be the obvious solution to a breakdown of transportation and distribution; and yet it is my impression

that ordinary processed foods do not stand up very long with our canning methods, although we don't generally recognize it; that they are good for only about six months, and then there is interior microbiological deterioration. If you try to get rid of it, nobody wants to eat what has been sitting there for that length of time. It is really an expensive process. Maybe there is some way to lick it by storing bulk or some other method. Possibly then we don't have facilities for that sort of thing. What is your idea for the storage of food?

SECRETARY DAVIS: There should be some thought on it; but I think the greatest security is in the capacity to continue to produce. Of course, there are limits; it varies by commodity. Some canned foods will save longer than others because of the chemical composition of the food itself; others break down. I think, though, our real security in this field, if it is not drawn out too far, is pretty much our capacity to continue to produce.

I think some stockpiling possibly has some merit, in view of the fact that half of our population is in a rather concentrated area, in the Northeast and the central part of the country, which is very much a deficit area.

QUESTION: Are you familiar with the part of legislation which the NSRB prepared and is supposed to be revising and keeping up to date with respect to proposed legislation for price rationing and so on.

SECRETARY DAVIS: Personally I am not very familiar with it now, no.

STUDENT: They are supposed to have some.

SECRETARY DAVIS: Yes, I believe there are people, as I described them, in the Department, who know more about it than I do. I have not followed it.

QUESTION: Mr. Secretary, in the last two World Wars our Nation diverted large amounts of food to our allies, and I suppose that is the reason why food rationing was necessary in this country. Now, there were times in World Wars I and II when England, in particular, suffered quite a bit from lack of food due to our inability to ship it when needed. The situation in other large countries due to the submarine threat in world war III will also be something that cannot be ignored.

Has any thought been given to maintaining a stockpile of suitable rations earmarked as a stockpile for our allies in world war III, and has consideration been given to stockpiling that in the countries of our allies where our transportation problem would be already behind us?

SECRETARY DAVIS: Yes, that has been considered from the point of view of security. That has also been considered from the point of view of making good use of the surplus stocks that we have. Last November, I attended a meeting of a committee of NATO in Paris that addressed itself to that. The truth is we have actually moved in recent months in the opposite direction, for two reasons. Grain is the principal item, I think, you would stockpile. But stocks in some of the deficit countries have been reduced. One reason is that the price of grain has moved downward; these deficit producing countries--in the case of wheat, depending largely this last year on Canada and the United States--have drawn supplies out of their inventories, partly in order to conserve exchange and partly because they thought they could buy the grain cheaper a little bit later on. That is the opposite of what we would like from the point of view of security.

The other reason arises because of the combines. Most of the terminal storage for a country like England, which is largely dependent on imports, is at port. When combines are used in somewhat moist climates, the grain has to be dried. That is the situation in most of Europe. It used to be that the grain would be cut with a binder and stacked or put under a shed to dry and the farmer would thresh it during the winter when he didn't have so much to do--he evened out his labor load that way. That grain would move into the market over a period of months. But with the combines, the grain is all harvested at harvest time. The grain is not only harvested in the same period which also may result in a shortage of storage capacity in the country, but there is also need for drying it. The present-day method makes the local grain more readily available on the market and it moves much faster than it used to move. That means, then, a period in the year when imports are not so large as they used to be. In the latter part of the year when supplies become reduced, more and more grain has to be imported.

We had quite a discussion of this problem of stockpiling, and everybody recognized that we have actually gone in the opposite direction from what the ideal is from the point of view of the objective we were seeking at that NATO meeting. The nearest I think we came to the

solution is this--that there be incentives provided for keeping the local grain back in the country for a bigger part of the year. This kind of proposal was suggested by the United States. Actually we have considered the advisability of a system something like our bin-grain storage program that we have had through the Midwest. Farmers would be encouraged to build storage bins for their grain through a system of Government loans and payments for storing the grain in the bins. In this way grain could be held back in the country and by doing so the farmers would be able to earn enough from the storage payments over a few years' time to pay for the investment in the bins and other storage equipment such as a grain drier.

A number of things can be gained that way. One is, the grain is kept out in the interior points. The grain is kept away from the centers of bombing. Then also it is so located that it could be drawn upon very readily in case of need.

Let us look at the theory of trying to do that by shipping our grain in and accomplishing the same thing. In the first place there is no adequate storage, in general, except probably somewhere in a large center. Therefore, the grain would have to be concentrated in one of these large centers and later sent into the interior. That would create some local problems. The presence of all that grain in a large center would create some weight on the market, and people don't like to have their markets depressed. There would be many political as well as physical problems that would have to be met.

The more desirable thing would be to encourage more farm storage of grain and holding more of the grain in the interior. So far as I know none of those countries is doing anything like that.

COLONEL WING: Mr. Secretary, on behalf of the college, I thank you for sharing your thoughts on this subject with us and for your frankness and sincerity in answering questions.

SECRETARY DAVIS: I am glad to be here. There is one area I have not mentioned, and that is the area of supplies needed for farm production. That was a great problem for us during World War II--such items as tractors parts and equipment, and gasoline for farms, and others. Rubber was a problem, too. I just mention this area of farm supplies because it is vital and poses a serious problem during a time of emergency.

(25 June 1954--250)S/mmg

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