

THE ECONOMIC STABILIZATION ROLE OF AGRICULTURE

31 March 1955

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INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

The Honorable Ezra T. Benson, The Secretary of Agriculture, was born in Whitney, Idaho, 4 August 1899. He attended the Utah State Agriculture College at Logan, Utah, from 1918 to 1921 and was graduated from Brigham Young University at Provo, Utah, with honors in 1926; was awarded an M. S. degree in Agricultural Economics from Iowa State College in 1927; and did graduate work at the University of California in 1937-38. From 1929-1938, he served with the University of Idaho Extension Service; was instrumental in the organization of the Idaho Co-operative Council, and served as its secretary from 1933 to 1938; spring of 1939 was appointed executive secretary of the National Council Farmers Cooperatives. He has been a member of the executive committee of the American Institute of Cooperatives since 1942; director of the Farm Foundation from 1946-50; appointed by President Roosevelt as a member of the National Agricultural Advisory Committee during World War II; member of the National Farm Credit Committee 1940-41; United States delegate to the First International Conference of Farm Organizations in London, 1946. In August 1952 he was named chairman of the Board of Trustees of the American Institute of Cooperation. Secretary Benson served as president of the Boise Stake of the Church of Jesus Christ of Latter-Day Saints and was named president of the Washington Stake in 1939. On 7 October 1943, Secretary Benson became a member of the Council of Twelve of the Church of Jesus Christ of Latter-Day Saints. He was appointed to the Cabinet in 1953 as President Eisenhower's first Secretary of Agriculture. This is his first lecture at the Industrial College.

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ADMIRAL HAGUE: Our speaker this morning is The Honorable Ezra T. Benson, Secretary of Agriculture, who will discuss the problems involved in economic stabilization, and the part that agriculture plays therein.

I think we are inclined to be a bit smug in this country about agriculture. Probably that feeling is induced by our crop surpluses and the fact that of our population we have to devote only approximately one-eighth directly to agriculture, whereas in the Soviet Union they have to devote something more than half of their population to it.

Now, I mention these manpower figures for one reason only, and that is because manpower is the first thing, I think, that we of the military think of. But these proportions are somewhat misleading, because back of that one-eighth of our population is a whole host of workers in the automotive, the steel, the chemical, and the petroleum industries whose work is essential to support them. So the whole question of agriculture is full of anomalies and paradoxes; and we are most fortunate in having the Secretary of Agriculture himself to discuss these problems for us this morning.

Mr. Secretary, it is a great pleasure to introduce you to both colleges.

SECRETARY BENSON: Mr. Chairman and my fellow Americans: I am in an unusual position this morning, in that there apparently is very little, if any, limitation on time, and there's no subject assigned. The Chairman didn't hint at the subject which you are interested in. But I consider it an honor and a privilege to have this opportunity of visiting with you informally here at the War Colleges.

I have no manuscript. I do have a few notes, which I may or may not refer to. But I would like to talk to you very informally.

It is always a risk to turn me loose on the subject of agriculture, which is very close to my heart. I presume that one political story wouldn't be out of order here. Some years ago, when William Jennings Bryan was at the height of his activities, Chauncey Depew, who was

on the other side of the fence politically, was addressing an after-dinner meeting in New York with some of his party stalwarts and he said, among other things: "Ladies and gentlemen, I've often wondered why it is that William Jennings Bryan is called 'the boy orator of the Platte River Valley'. But," he said, "tonight I have the answer. I crossed the Platte River last week. You know, that river is a mile wide, an inch deep, and it wanders all over the country and never gets anywhere." I am inclined to do a lot of that wandering myself when I start talking about agriculture, because agriculture is a great industry. Probably if there is a most basic industry, it must be the production of food and fiber. And so I am very proud to be associated with it.

On TV the other night Bob Hope, who is now promoting dairy products for the American Dairy Association--an industry in agriculture which has recently really come to life and is now starting to move its dairy surpluses into stomachs and out of storage--was speaking of his great pleasure at being associated with this organization, an organization which counts in its membership five million dairy cows, he said. He also said: "Now, there may be organizations with more branches, but I am sure there is no organization with more outlets."

I'd like to say by way of introduction that I came into this very difficult spot pretty much as an outsider. I had never seen the Chief Executive, the President-elect at that time. I had never heard his voice. And so the call to serve in the Cabinet came as a great surprise. I had many good reasons, I thought, why I should not serve. I remember well the President commenting about the fact that I seemed to have the confidence of the rural people to a rather high degree, and my saying: "Mr. President, I think I do, and I think I'd rather have that than be Secretary of Agriculture; and I am not sure a man can keep that and be Secretary." But the President put the whole matter on such a high plane that no American who loves this country and loves our way of life could refuse to serve.

I want you to know--and I say this without any feeling whatever of partisanship, without any feeling of trying to promote a party--this is my first political office. I have never sought political office and never expect to again. But I did go in pretty much with my eyes and ears open. I want you to know that in the last few months I have come to have complete confidence in your Commander-in-Chief, in our President. I am confident, as one who went in from the outside, that he is a man of great character and integrity and honor, a man of dedication and devotion, a man who puts the welfare of this country ahead of everything else.

I wish it might be possible for me to take every American into a Friday morning Cabinet meeting in order that each one of our citizens might feel something of the spirit of the leadership which we have in our President today. And it's my hope and prayer that in all the days to come, regardless of the party in power, we will have this same quality of leadership. And I believe that's the hope of most American people.

For a good many years I have been somewhat concerned about certain trends that have been in evidence in this great country which I have felt have a tendency to strike at the very foundation of some of the concepts and the principles which we hold dear as a people. I think it's possible for a nation, even before it reaches the zenith of its power, to sow the seeds of its own destruction. I think history confirms that statement. Many great civilizations have fallen because the seeds of their destruction had been sown even during periods of prosperity and high business activity, when everyone seemed to think that all was well. And I think that's a real danger, and has been a danger, and is still a danger to some extent, even in our own country.

And so I've been very much interested in the philosophy, the economic and social and spiritual philosophy, of the new Administration. Of course, I believe that this question of freedom and liberty, that we talk about rather glibly sometimes, is really an eternal principle--this matter of freedom. I feel very strongly that a planned and subsidized economy has a great tendency to weaken initiative, to discourage industry, to demoralize the people, and to destroy character. I believe that the supreme test of any program or policy ought always to be: How will it affect the morale and the character of our people? Because character is the one thing you make in this life and take with you into the next. And I believe that we all have a spark of divinity in us; that we're children of God; that we all are endowed by our Creator with certain inalienable rights. I believe we are living part of eternity today, and that it is important in all our programs and policies that we see to it that these programs are of a type that will not tend to demoralize and weaken our people.

I think it was Abraham Lincoln who said that you cannot help people permanently by doing for them what they could do and should do for themselves. And so I've been pleased to find some of that philosophy since I've come to Washington, and I hope that in all the days ahead we will find increasing quantities of it.

I believe firmly in our free enterprise system. It's not perfect, because it's operated by human beings; but it has produced more of the comforts and the good things of life than any other system we know anything about. And so I am very pleased to find that the goal of this Administration seems to be to encourage a free and an expanding economy, in which all of our people can share, and at the same time to preserve and strengthen our free enterprise system.

There's a great tendency for people to point to the weaknesses of this system while overlooking its many virtues and achievements. I feel very strongly that it is possible to build a sound and expanding economy on the bedrock of peace, that it is possible to have peace and prosperity at the same time. There are, of course, those who feel that in order to have high prosperity, we must have the inflation of war, an economy built upon the shifting sands of war and inflation. I do not share that feeling.

We are making the transition this time from war to peace with fewer dislocations and disruptions, I believe, than ever before following a major war. The peace today, uneasy though it be, is accompanied by unusually high business activity and high prosperity. Last year, 1954, was the greatest peacetime year of economic activity and prosperity in the history of this country. This year, 1955, promises to be the year of the greatest prosperity ever. I think we've proven to the world that it is possible to have peace and prosperity at the same time, and that it is possible to make the transition from war to peace without a major depression.

I am very pleased that our economy shows great stability at the present time. We have some unemployment, of course. There has been some disruption. But our unemployment today is less than it was in 1949, less than it was in 1950, and much less than it was during the 20-year period on the average before the war; both percentagewise and in total.

I am very pleased that the purchasing power of the dollar, which is very important to our whole economic program, has been stabilized; that, while the dollar declined some 40 points between the end of World War II and the end of 1952, it has fluctuated less than 2 percent during the last couple of years. Now, that's a good thing, and it's desirable for all of our people. Inflation has been halted in very large measure, and the dollar has been stabilized.

I am very pleased that it has been possible--and this has been done with bipartisan support--to reduce taxes by more than seven billion dollars, four and a half of it going to individuals, and the balance to corporations and indirectly to individuals; that we've been able to reduce expenditures by approximately eleven billion dollars: I think these things are important to all of us as taxpayers and as American citizens. And this has been accomplished without any serious disruption to our economy.

I have been pleased about another thing, and that's the tendency today--and there seems to be growing support for it--to encourage the collection and spending of a larger proportion of our taxes, our tax revenue, out in the states and in the local communities, closer to the source. I think this is good. I think there has been a tendency for some years to concentrate more and more power and authority and spending in the Federal Government and to take from the states much of the responsibility which is theirs and should be theirs.

I think the people at home, generally speaking, know how to spend their money even better than we do here in Washington, when it comes to services that affect them at home and which they need at home. The tax dollar cannot make the round trip from Podunk to Washington without something being taken out of it. So I think this is something that should be encouraged, and I am pleased to see it growing in importance.

There's another thing that I believe is very important, and that is an effort that is being made to get the Government out of the business of the individual citizen, out of competition with private enterprise. I feel we ought to leave to private enterprise those things which private enterprise can do and is willing to do. Many moves have been made in that direction--of getting the Government out of private business which can be done by its own citizens through private enterprise. I could read you a list three pages long of business projects moving in that direction, that have been disposed of in recent months, which I think is all to the good.

Now, of course, in the field of agriculture our objective is a stable, prosperous, and free agriculture. I don't believe it is possible to have a stable and prosperous agriculture through the years unless the farmers have a maximum amount of freedom and a minimum amount of Government regulation and control. Most of the progress made by agriculture in the last fifty years has been due to the fact that farmers have been free to make their own management decisions on their own farms, to adopt new methods and improved practices, and to increase their efficiency. Our Chairman referred to it today.

I am very proud of the efficiency in agriculture. Probably in no segment of our economy has there been a greater increase consistently in efficiency than in the field of agriculture. I'm not going to quote a lot of figures except to say that the average farm worker--and there are about eight and a half million of them in the United States--produces enough for himself and eighteen others. Because of that increased efficiency, there has been a gradual decline in the proportion of our population engaged in the production of food and fiber. Today about thirteen and a half percent of our people are engaged in the production of food and fiber.

Now, that means that there has been a lot of people released to do other things. There are countries in the world where eight out of every ten people are engaged in producing food and fiber. And so our agriculture, our farmers, have made a real contribution to the increased efficiency, and to the general welfare of all of our people.

I think that trend will probably continue. Mechanization, of course, has been a part of it. But I believe in the years ahead an even smaller proportion of our total population will be required to produce the food and fiber. And it is important that those operators be free to make their own management decisions.

Research and education are the two most basic things in any sound program for agriculture. Research, the results of research, and the application of those results in farming practices, are the things most basic and important to the farmer. Coupled with that, of course, should be the expansion of markets, which is really part of the production job, you might say; because the job is only half done when the commodity is produced. The other part of it is to process it and to market it efficiently.

In the long run I believe that what is good for the farmer is also good for America. And I believe, too, that it's just as important, if not more so, to save the farmer a dollar than it is to give him a dollar and then turn around and take it away from him in higher taxes.

I think that there should be some protection for our farmers. They are engaged in a very hazardous occupation, one of the most hazardous; and to have some protection through a floor against disastrously low prices, a program of storage that permits and encourages orderly marketing, I think can be very helpful.

That is the objective which we had in mind in the new legislation which was passed by the 83rd Congress, known as the Agricultural Act

of 1954. This provides for price supports on certain of the so-called basic commodities at a reasonable level, on a flexible basis, and in a manner that will help to adjust supply to demand. It provides a minimum of help and maximum of freedom to the individual farmer. It is an attempt to help farmers to help themselves and to leave them free to operate their own farms with a minimum of Government regulation and control.

I am confident that the farmers want to produce for free markets and not for Government bounty. They want to produce for consumption and not for storage. We've had one good example of this in the case of dairy products, with which you are more or less familiar. It certainly has been publicized amply through the country in the last year.

A year ago, with price supports on dairy products at a rigid level of 90 percent, our production was steadily increasing, our consumption was declining, and our storage stocks were skyrocketing. We had over a billion pounds of dairy products in Government warehouses. The storage bill alone was running well over a hundred thousand dollars a day.

Markets were drying up. The per capita consumption of creamery butter had been declining for several years, while the consumption of competing products had been going up until the two lines had crossed. For the first time in our history we were consuming more butter substitutes per capita than we were consuming creamery butter. The consumption of fluid milk per capita had also declined.

Something had to be done. So we adjusted the support levels down to 75 percent. Under the law the Secretary was required to set the level at a point that would bring forth adequate production. Certainly anyone analyzing the situation realized that even at 75 percent we would have an adequate production.

What has happened since then? Well, our stocks have been greatly reduced. Take butter as one example: A little less than a year ago our stock stood at 466 million pounds. Today it is down to about 240 million. Powdered milk has gone from 570 million pounds down to about 86 million, and so on. The per capita consumption of butter increased 5 percent last year. The overall consumption was greater than that, because of the population-increase factor. The consumption of cheese has gone up. The consumption of fluid milk has risen in recent months.

There is a new life in the industry. The industry has realized that they have a wonderful product, of course; but it won't sell itself. They've got to get out and compete in the market. And so they have a four-million-dollar promotion program, of which Bob Hope is a part. And they're selling their products. There's new life in the industry. Production has leveled off. Farmers are cutting out their low-producing cows, which have contributed to this surplus of the last few years. Consumption is on the increase. And the most promising of all is the increased consumption of fluid milk.

We have found over in the Department of Agriculture, as an example, that you couldn't buy a drink of fluid milk there except at the cafeterias during certain hours. We put in a few milk dispensers, eight of them, just to try them out, and to try to demonstrate to the industry that here is as fine a beverage as is available anywhere; and that, if it's made easily available, people will consume it. What's happened? The consumption through these dispensers has gone up very markedly, consistently; and the consumption in the cafeterias has maintained itself all during the period. And they're putting this in across the country--in schools, in factories, in hospitals, in airports, railway stations.

I was in a machinery-manufacturing plant the other day. I won't mention the name. I had been guided through the plant by the proud owner and the local head of the labor union. As we walked along, we saw several batteries of beverage machines and other types of machines, but no dairy dispensers. When we got through, I said: "I didn't see any dairy dispensers here, milk dispensers." One of them said: "No. The people who operate these have an exclusive contract." I said: "How many ploughs and pickup balers do they buy?" The president said: "I get the point, Mr. Secretary. When you come back, we will have some milk dispensers."

Well, we have just taken it for granted that we didn't have to sell milk; that it would sell itself. I note that even the cloakroom in the House Office Building has put one of these dispensers in now. I guess they have debated the dairy question up there a thousand times, but now they can do something about it by helping to increase the consumption a little too.

I take this one commodity to indicate that, no matter how good the product is, it is possible to price a commodity out of the market. And there's no satisfactory substitute for markets. We have demonstrated it in the case of dairy products. We are demonstrating it today in the case of wheat. Probably our most serious single commodity problem

today is in wheat. We have two years supply on hand. We can have a complete crop failure this coming year and we would have more than enough to carry us through.

And what's happened? Well, these rigid supports at 90 percent were established, very wisely, I think, by the Congress during the last war as incentives to get maximum production of certain items that were needed to help win the war. Wheat was one of them. In addition to putting this rigid support incentive on, they permitted wheat to continue on what we call the old parity formula, whereas the other commodities have practically all gone on to a modern formula. That gives wheat a 15-point advantage. So that actually the support on wheat has been 105 percent of parity.

Well, now, as a result of that stimulus, farmers are producing wheat everywhere. There was a great expansion. Come the end of the war, had we taken these incentives away and gotten on to a more reasonable peacetime basis, we would have had an adjustment in production. But, instead of that, we have continued the incentives now for nearly ten years; and as a result we are producing wheat way out in the marginal areas, and in the southern Great Plains area, for instance.

We estimate that there have been brought in eight million acres that probably would have never seen the plough had it not been for this Government guarantee. That has happened in the dairy states, and even in the Corn Belt, where we normally produce very little wheat except as a nurse crop to get other crops started. Illinois, for example, in 1953 had a 51-percent increase, compared with a 10-year average. Michigan also showed great average increases, even New York State had a 36 percent increase.

Much of this wheat is of low milling quality, because the farmer has lost the incentive to produce what the market wants. He will produce the kind that will give him the greatest number of bushels, which he turns over to Uncle Sam at a fixed, guaranteed price. And so you have a lot of soft wheats that are not needed.

Flour prices are at the highest level that they have been for twenty years. Millers are complaining that they cannot get the quality in some areas that they want and need. And so it has created a very serious situation. Only recently we rented an additional hundred boats, Liberty ships, in which to store wheat. The Government at the present time has over 700 million bushels of Government-owned wheat in storage.

In addition, we have encouraged farmers to build storage on their own farms so the Government wouldn't have to buy so much of it. We cannot let it spoil. We have to get it under cover. And so today we have over two and a half billion dollars tied up in wheat alone.

It is not a good thing for agriculture, and it is not the answer to the farm problem. We have to get down to a sensible program.

Markets are drying up too. We used to feed two or three hundred million bushels of wheat a year to livestock. Now we feed less than one hundred million. Livestock people won't and can't pay the price.

Of course, our consumption of wheat per capita in this country has been going down for forty years. Forty years ago we consumed 200 pounds of wheat per capita. Today it is 125. The total consumption of wheat as food is about the same. In other words, our population increase has been enough to take up the slack, arising because the per capita consumption has fallen off.

Well, there has been a great to-do on this question of rigid versus flexible support. They have been emphasized out of all proportion to their importance in one sense, because actually only about 1/4 of our income from farm marketing has come from the so-called basic crops that have these rigid supports. Over the last twenty years, the commodities on which there are no rigid supports, have averaged just a little higher in price than those that have been supported.

And so they have been emphasized out of all relation to their importance; and yet there is a place for supports at a reasonable and a flexible level. And these things are not really new. The flexible principle in peacetime has been endorsed by every Secretary of Agriculture for twenty years, by the former occupant of the White House, by both major political parties in their platforms way back in 1948. But apparently we have lacked the political courage to face up to the situation and make the change. And so it has created some very serious problems; and it is going to take years to work out of some of them, particularly this problem on wheat.

Now, there has been some decline in farm prices, I regret to say. It was inevitable, because farm prices were very highly inflated, as you know, during the war period and immediately following. Farm prices started declining beginning in February of 1951. I had occasion to check the figures carefully just before I came into the present hot

seat I now occupy, and I found that the parity ratio had declined 19 points, that is, the relationship between farm prices and what the farmer pays for the things he has to buy. There had been a decline of 19 points, from 113 percent of parity to 94; since that time, in the last two years, there has been a further decline of about 8 points. The index now stands at 86.

Now, all of this decline has taken place in spite of the 90 percent rigid support on the basic commodities, because the new law does not become operative until the 1955 crops are harvested this fall. These high prices were due to wartime inflation and the insatiable demands of war. The decline in prices has been due to the fact that inflation has been halted, demand has fallen off, and we have prevented agriculture coming into balance because of price fixing on certain commodities.

Then, of course, because of this we have been forced to impose controls on acres. I like to think of this whole thing as a three-legged stool. One leg of that stool is these price supports, these rigid supports. The other leg is accumulation of surpluses. It nearly always follows that, if a rigid support brings forth production in excess of demand, you have the accumulation of surpluses. Then the third and most undesirable leg of that stool is acreage control. Most farmers will accept the first, and some of them the second, but the third is distasteful. But the third follows, as the night follows the day, the first two.

There have been attempts too to put supports under some of the perishable commodities, as you know. A very vigorous effort was made a year ago to try and force supports under live cattle. We had a cattle caravan come to Washington, which was an effort to put political pressure on the Department to try and support live cattle. It cannot be done on a perishable commodity effectively. There are things we can do and have done and are doing and will do. But a few years ago we tried to put supports under potatoes. It cost the Government a half billion dollars; and did not help the potato producer except to lose for him a lot of good will among consumers and disrupt his market. We tried it after World War II on eggs, and gave up after spending 190 million dollars with no lasting benefits to the producers.

There are places on the storable commodities where you can use supports at a reasonable level, raising the supports somewhat when the supply is short, and lowering them when the supply is excessive, in order to encourage balanced production. But on the perishable commodities they do not work and should not be tried any further.

Well, probably I have said enough about agriculture. We are pushing to the limits greater research and education and the expansion of markets. The Congress last year gave us broad authority for the disposal of surpluses abroad, authorizing expenditures of up to 700 million dollars in moving surpluses in exchange for foreign currency. That program is moving forward. We have already completed programs in about six countries, and several others are under negotiation. We have made commitments for something over 500 million dollars worth of farm commodities in exchange for foreign currency, and those foreign currencies are used, after they come into the Treasury, for a number of things. They are used to pay for our military operations in those countries. They are used to help expand markets. In some cases they are used as loans back to that particular country for road building and other things in their economic development. That program is helping. It is working out quite satisfactorily.

The Congress has provided increased funds for research and education, and that program is moving forward. We are developing some new uses for farm products which offer great promise.

And we are developing these commodities in new forms, which permit a much wider distribution. I will give only one example--the example of citrus fruits. It has been only three years ago, two or three years ago, that we used to be troubled with surpluses in citrus. In fact, back as far as I can remember there has been a surplus problem occasionally in the citrus industry. Through research we have now developed not only the citrus concentrates, which we used during the war; but we have now developed a citrus powder. I remember being here in Washington during the war when Great Britain placed an order for a million gallons of citrus concentrates. Of course that was very helpful, but now we have this powder which can be shipped all over the world without refrigeration, and all you do is add water to the powder and you have a reconstituted orange, lemon, or grapefruit juice. And only last month we perfected the same thing for tomatoes. You can take a spoonful of the powder, add water to it, and you get a glass of reconstituted fresh tomato juice.

Now, that's what research does. That means we can ship citrus and tomatoes all over the world without refrigeration in a very condensed form, whereas heretofore we have been shipping water with a little of the solids.

Now, we need to do the same thing for dairy products, and we think we've just about got that licked. Of course, we've had powdered

skim milk for a long time, and we've had powdered whole milk. But refrigeration was required for powdered whole milk. Otherwise it developed a rancid condition. But now we think we have about whipped that, so we can have a whole milk powder that we can ship everywhere without refrigeration. Think what that will do to broaden the markets for fluid milk.

And so that's why I say that research and education and market expansion are the most basic and fundamental parts of any farm program. I am hopeful that in the years ahead we will be able to push to the limit these two important fields of research and education; and, coupled with it, of course, will come the expansion of markets. And as our population increases and our efficiency increases, we must have also an increase in our markets.

There are those who feel that we are going to run short of food in the United States. I think that need cause us no concern. When we look back and see what science has done, and as we look forward in anticipation of what science will do in the future, if our scientists are free and have adequate funds to move forward, I am sure we are not going to run short of food in this country.

Really there is not any great overproduction in this country, if we have things in balance. It's a rather anomalous situation when most of the world worries about getting enough to eat and here in this country we're worrying about surpluses.

One of the hopeful things also is the fact that we are eating a better diet today than ever before. That diet is made up of more of the high-protein foods--poultry products, meats, and so forth being the major items. And that requires more acres of land to produce a given quantity of nutrients. If the grains and other crops are fed to livestock, and the livestock products are consumed by the people, it takes seven times as many acres to produce a given quantity of nutrients as it does if the humans eat the grains directly. In this country our diets have been moving more and more toward the high-protein foods, the dairy and poultry and livestock products. In the poor countries of the world they eat the grains direct. Here in this country we convert the grains into livestock and eat the livestock products. So that is working in the direction of greater balance in our agriculture.

So the situation is not hopeless. It's difficult, and it is going to take time. That time is going to be lengthened because we have been

slow to adjust our program to a peacetime agriculture. I sincerely hope that in the days ahead we will recognize the need for this adjustment; that we will realize from the experience we have had that you can't have your cake and eat it too. You have to keep things in balance.

You must have markets. You must have a place for these commodities to go. The answer is not to build them up in Government warehouses.

I am hopeful too that in all the days to come our programs in agriculture will not be manipulated to serve partisan political purposes. Agriculture is too important. Most of our legislation has been bipartisan in character, as it should be; and we must never use these programs and manipulate them in an effort to serve partisan political purposes.

I am very grateful for the privilege of meeting with you this morning and talking to you in this rambling fashion about some of the things in agriculture. It is a truly great industry. I think our rural people, our people who live on the farms and have their roots in the soil, represent one of the great bulwarks we have in this country. They are a stable, substantial, dependable group. I have worked with them all my life. They are not easily stampeded; and if given the facts, they will usually make wise decisions.

I have full confidence in the rural people of this country, and I am hopeful that we will be able to give them the facts objectively and honestly. If we will do that, they will make wise decisions. There's always safety in an informed public. And in a great republic such as ours, we must have an informed public if we would preserve and safeguard the basic concepts of our American way of life.

Like you, I love this nation. I have lived abroad just enough years to make me appreciate rather fully what we have here. I believe that the Constitution of this land was established by men whom the God of Heaven raised up unto that very purpose. I believe this is not just another nation, just one of a family of nations. This is a nation with a great destiny. It's a great nation, and is intended to serve as a beacon and an inspiration to liberty-loving people everywhere. And I consider it a great honor and a great privilege to be invited to serve the Government of the United States for a period.

May God bless the leadership of this nation now and always and the leadership of our Armed Forces, and you men who are being trained for great responsibilities in the Defense Department of this great nation.

Thank you very kindly.

DR. KRESS: Secretary Benson is now ready for your questions.

QUESTION: Is your program going to coordinate the disposal of surplus agricultural products abroad so as to be sure that the impact on local production is favorable and that this disposal program is really a positive rather than a negative instrument of foreign policy?

SECRETARY BENSON: In the first place, may I say that this is not my program. I mean by that that it is the development of many, many people. We have a bipartisan agricultural commission of eighteen men, appointed by the President. Then we brought in more than a year ago more than five hundred top agricultural people from all over the United States. All of our agricultural colleges have participated and many private and public research agencies.

I think that a most comprehensive study of these farm problems has been made. Out of it certain recommendations went to the President and other recommendations went to Congress. So it is not fair for me to say that it is my program. I am very happy to be a part of it. I believe I have had something to do with its development. But it was developed by bipartisan people and for nonpartisan purposes. These five hundred people were invited to come in. We didn't ask them what political party they belonged to. We tried to get the best talent.

On the disposal of surplus, first of all, we try to move these surpluses through the regular channels of trade. We try, too, to the very minimum to have direct Government-to-Government sales or purchases. We think we ought to encourage private industry to feel that this is a temporary thing--these huge surpluses that we have. Therefore we have tried to develop outlets and contacts. Usually they have them already. Usually they can do a better job than we can.

We have consistently refused to dump these commodities on the foreign markets, and thus break and disrupt the foreign market. If we did a thing of that sort, it would certainly result in retaliation on the part of other countries, and it would not help our farmers here at home.

Usually, also, before we move on anything in considerable volume, we will contact other agencies. We are in contact with the State Department, with FOA, Treasury, Commerce--with every agency of the Government that is concerned. We have two committees operating now under

what we call Public Law 480. That is the one passed by the Congress last year, which authorizes us to sell surplus commodities in exchange for foreign currency. One committee operates over at the White House under the leadership of Clarence Francis, who was appointed by the President as chairman. That committee has on it Agriculture, State, Treasury, Commerce, and FOA.

Then over in the Department of Agriculture we have what we call our operating committee. The White House committee is a policy committee. The Agriculture committee is an operating committee. This has representatives from the same Government departments on it as the other. So we try to have a closely coordinated program, because some of these sales certainly do affect our foreign policy. And so these other agencies are in it.

QUESTION: Agricultural products in foreign trade seem somewhat of a problem. I believe our general national policy has been not to impose any quantitative restrictions on our foreign trade, and yet it seems that quantitative restrictions would be important where our agricultural prices are being supported. How is that problem being resolved?

SECRETARY BENSON: In the first place, it goes without saying that this is a two-way street. It has been the policy of this Administration, as well as of the former Administration, to encourage greater freedom of exchange of goods and services between the various free nations of the world. And, of course, I am very much in favor of that type of program. We think our trade has become increasingly free. But there are certain conditions under which it seems that Congress has deemed it necessary--and I think probably wisely--to impose some restrictions.

For example, we maintained a high and rigid support level on dairy products. We did that for two or three years. Had we permitted dairy products to flow in here freely, we would be practically the sole market for dairy products. They would just have flowed in here in untold quantities. So in our legislation we had section 22, which permits us to impose import restrictions on those commodities which are under these high price supports.

Now, if we get the program down to a flexible, sane, peacetime program, I think there will be fewer of those import restrictions. I think it will be good for agriculture in the long run.

I just recently visited eleven Latin American countries. Those countries are taking rather large quantities of agricultural commodities from the United States. We in turn have taken agricultural commodities from those countries. But the trade is complimentary. It is not really competitive to any great degree.

Of course to some extent, if you just single out one commodity, it might appear to be competitive. Take sugar as an example. We import huge quantities of sugar from Cuba. And yet, generally speaking, that is not really a competitive commodity. There are many other producers in the United States that are selling commodities to Cuba. In Cuba, I was shown the figures, when I was down there, indicating that they got supplies of agricultural and manufactured goods from forty states in the United States. So, if you are thinking only of sugar, you might say: "We ought to keep that out and encourage our national industry." But when you look at the broad picture and consider its effect on the market as a whole, then you can see that it is important to encourage a greater freedom of trade.

QUESTION: It would seem to me that there is a great deal of problems in this respect: I understand that at one time we were paying only about eight cents a quart for milk. Recently we were paying at least twenty cents. It seems to me that increasing the cost of milk from the farmer to the table ties in very much with this decreased consumption of dairy products. Couldn't you cut down that spread in some way?

SECRETARY BENSON: Of course it is true that the margin between the price which the farmer gets and the price which the consumer pays is too large. That is one of the reasons why we are operating through research in the field of distribution and marketing. We think we can shorten up that spread.

Of course, we are up against years of the tendency on the part of consumers to want more and more services with the things they buy. That is, you go to market today and, where you used to buy beef, as we did when I was a boy, by the quarter or half quarter, you now want it cut up, labeled, and wrapped in cellophane. You want all your chickens dressed. Some of your commodities you want frozen. In other words, you are buying "built-in maid service" along with the groceries that you buy. And those things all cost money.

Two years ago we brought all our marketing together in the Department of Agriculture into one agency known as our Agricultural

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Marketing Service. We did that for the specific reason that we wanted to concentrate more on the marketing end. Through the years we have emphasized production. That is all to the good. But that is only half the job.

The point you make is well taken. There is too wide a spread in milk, as there is in other commodities. We have not really increased the efficiency in milk distribution to the home very much in the last thirty years. We do it now just about the same as we did it thirty years ago.

There is only one little exception to that. We are now delivering milk to the home every other day instead of every day. But that was a war measure that was forced on the industry because of gasoline and tire rationing. That has stayed with us. But aside from that, we really haven't done much to increase the efficiency of the distribution of dairy products. But we are working on it, more, I think, than we have ever done before.

QUESTION: Would you care to comment on what the Government should do or could do regarding our marginal areas, which are not responding very well to private initiative in the matter of soil conservation, etc.? Take things like the Dust Bowl as an example, which seem to continue recurring in cycles.

SECRETARY BENSON: First of all the term "marginal" is a relative term. Of course, we are directing our soil conservation program and our agricultural conservation payments, which are financed by appropriations from the Congress, toward encouraging the farmers to put that land back into grass. If we could get the wheat prices down to a more realistic level--I don't know if we can--but get them down to the point of ordinary commercial wheat growing, where the submarginal farmer could not sell it at a reasonable profit, that would tend to encourage much of that land going back into grass.

Then we had a program of purchasing land from the farmers and seeding it back to grass. Some of that was done following World War I in the prairie area. Some land was purchased from the farmers. It was considered marginal land. It didn't work out too well. Whether or not we get into a purchase program again or not I can't say. I doubt it very much. But I think that probably, in addition to price, we can use some other types of incentive to get the farmers to put part of that land back into grass.

Of course, one of the things that is going to help is the fact that our consumption of meats is steadily increasing. Last year our consumption of beef alone hit 79 pounds per capita, an alltime record. Now that our population is increasing, and with our diet continuously improving, with much more consumption in the protein field, there will continue to be an increasing demand for livestock products. If the price of livestock products in relation to that of grain products continues to improve, then we will have a natural economic incentive to get more of that land back into grass.

Now, coupled with that also is the fact that we have many improved strains of grasses that will do better on some of that dry land than any of the strains we have had in the past. They will be an added incentive to get some of that land back into grass, because they will make greater returns possible from livestock through the increased carrying capacity of the improved grasses.

QUESTION: I wonder if you would comment on this difficult problem: taking agricultural surpluses as an example, is there any prospect of disagreement between the agencies concerned? You say that such sales have to be coordinated with the State Department, FOA, and so forth. Have you found any machinery or method of enforcing that coordination? Suppose there are differences between FOA and State. Will these different agricultural programs each go its own way, or will they all go the same way?

SECRETARY BENSON: They will all go the same way. I mean by that, if there is a problem that we can't solve in the operating committee, that is, the committee that operates over in the Department of Agriculture, on which State, FOA, and other departments are represented--if we can't come to a meeting of the minds there, then the matter is carried to the policy committee at the White House, on which Agriculture, State, etc., are also represented. There the question will be decided, and that becomes the policy.

Now, generally speaking, it is working out very well. That committee sets the particular policies of operation first, and then the operating committee is guided by those policies.

Obviously, honest men will have differences. But, generally speaking, I think the program that we have set up now is working very well.

DR. KRESS: Mr. Secretary, on behalf of the Commandants of both colleges and the faculty and the students, I wish to thank you for a very informative and inspirational lecture and a very profitable question period.

SECRETARY BENSON: I have enjoyed it very much.

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