



WORLD AGRICULTURAL RESOURCES

Honorable Orville L. Freeman

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Reviewed by Col E. J. Ingmire, USA on 30 December 1963.

INDUSTRIAL COLLEGE OF THE ARMED FORCES

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16 December 1963

CONTENTS

	<u>Page</u>
INTRODUCTION--Vice Admiral Rufus E. Rose, USN, Commandant, ICAF.....	1
SPEAKER--The Honorable Orville L. Freeman, Secretary of Agriculture.....	1
GENERAL DISCUSSION.....	36

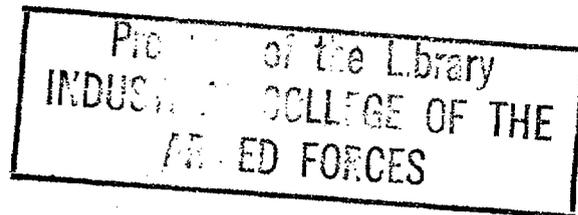
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Reviewed by: Col E. J. Ingmire, USA Date: 30 December 1963.
Reporter--Grace R. O'Toole



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INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington 25, D. C.

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ADMIRAL ROSE: Gentlemen: In our course we study research and development, manufacturing, and economics. We have been studying about people, and people have to eat. In this country, I heard somebody say not too long ago, we have two problems--where to park your car, and how to keep from getting too fat.

Well, the Secretary has nothing to do with parking cars, I guess, except maybe his own. But certainly in this country we are blessed with an abundance of every kind of food and of fiber, which is also important. Not all countries in the world are so blessed.

We are fortunate to have with us the Secretary of Agriculture, the Honorable Orville L. Freeman, to tell us about "World Agricultural Resources."

Secretary Freeman.

SECRETARY FREEMAN: Thank you very much, Admiral. Members of the Staff and Participating Members in this College: I was just saying to the Admiral and some others who planned and carried forth your curriculum that, as I paged through it yesterday, I thought that the Secretary of Agriculture could use a good deal of this. I envy you very much for this opportunity, not to listen to me, I can assure you and I hasten to add, but for this 10 months that you have to take an overview of what takes place in this world of ours as it changes with such incredible rapidity.

A week ago Sunday I was out and spoke in Los Angeles at an institute sponsored by the Fund for the Republic on the institute of democracy. On that occasion someone made the remark that I thought fits so many of us so well, that we are so busy doing the urgent that we don't have time for the important. That label I have been kind of carrying around. It has been nagging me all of last week. Certainly you are taking time here for some of the important. I hope I can contribute just a little bit in that regard.

I am going to try to keep my remarks reasonably brief so that there can be as much time for questions as possible, because I think that in that fashion we get to the heart of what you might have in mind about agriculture, and I hope that there is a good deal, because one of our problems in relation to it is this--and when people ask me what I consider the No. 1 problem of American agriculture I answer--disinterest, lack of information, and lack of understanding.

Generally speaking, it conjures up some kind of vision of surpluses, subsidies, a few farmers riding around in white Cadillacs, and then also some living in abject poverty. Of course we tend to think in terms of extremes. I found that the hearing aid is pretty well screwed down, generally speaking, when it comes to agriculture. As a matter of fact, there are very few places in the United States where I can even mount a reasonable press conference because the press, radio, and television will come out and they frankly won't know enough to ask a question, and we'll usually end up in some kind of gadget press conference and a resulting story

looking for some simple extreme which will make a head and which will write a story and not contribute very much to understanding.

And yet perhaps nothing is more critical and more vital, and nothing has as close a relationship to basic power as the ability to produce food and fiber, because we are not going to go very far without it. If you read the papers yesterday, which I am sure you did, they were full of it, most particularly because of Khrushchev's message to the Presidium as of last week and the complete review of the Soviet economic plan. If you went through it you picked up also Poland, Rumania, Yugoslavia, all of these countries asserting that agriculture lagged, that it demanded more investment, and that it had not been given adequate attention. This is clearly true in Communist China, where the so-called Great Leap Forward without any question was held back and became almost a total fiasco for agricultural reasons.

Of course as the world grows smaller the extremes of mounting ability to produce on the one hand and failure on the other stand forth in sharp clarity as matters of extraordinary importance.

On October 18 there was an editorial in the New York Times. I didn't particularly like the head, but I had to acknowledge that there was a great deal of truth in the substance. The editorial was headed, "The Mess in Agriculture." I didn't like that label particularly. Let me quote just a part of it speaking now particularly to the international and worldwide ramifications. It went on to say,

"The problem of agriculture lies athwart the route to unity in

"Europe and partnership across the Atlantic. The dilemma of food surpluses in the United States, impending surpluses in Europe, and hunger in other parts of the world can only be resolved by a world view of the problem. It calls for joint action by the main importing and exporting nations to organize the free world's agricultural markets. "

Then it went on to quote Dean Acheson, who said this recently, "The world agriculture situation today presents not an economic or commercial or technical problem. It presents political and social problems of the greatest importance and complexity, calling for statesmanship based on a deep sense of responsibility for the worldwide ramifications of all that is done."

"Mr. Acheson has proposed a group of wise men to cut through the technical myths to the common interests that will permit solution. The United States, France, Britain, and the Common Market Commission all pay lip service to the idea of world agricultural agreements. It is time to start movement in that direction."

It went on to say that the Acheson proposal could well be taken up by President Kennedy now without/^{waiting}for next year's trade negotiations in Geneva. I think this is true, and the overall international implications and ramifications are of the greatest importance and, I might add, of the greatest complexity.

Let me here touch on a few things. I'd like to comment a little bit about our domestic agriculture. I understand that Dr. Cochran talked

to you not long ago and will undoubtedly have backgrounded you rather thoroughly. I'll review a little bit some personal observations, and make some general observations on a trip that I was privileged to make along with some professional and technical people throughout the Soviet Union and also into Poland, Bulgaria, Rumania, and Yugoslavia last summer, and also some comments about trade in the Common Market and these problems. I was in Amsterdam, in Rome, and we did some planning and met some problems at that time that will be coming to a head very shortly now. That was the preliminary work for the GATT negotiations, and the so-called Kennedy Round will take place in the very near future. Finally I will comment about aid and how aid and trade relate one to the other, and then I'll review what I consider to be the agricultural policy of the United States.

First of all, domestically, may I take this opportunity to just touch briefly a little bit on the Department of Agriculture itself. People tend to think about the Department of Agriculture as having to do with wheat, corn, cotton, and tobacco, and cattle and hogs. That's about it, together with surpluses, subsidies, and a big budget, most of which they think ought to be eliminated because it is wasteful. They don't realize the magnitude of services carried forth by the Department.

First of all, the Department of Agriculture is the No. 1 food-distributing agency in the world. We reach with direct distribution about 7 million--at its height--people with so-called surplus food in this country. We reach 15 million children through our school lunch and school

milk program, running to 65,000 schools, with an estimated 2.5 billion lunches. Milk is distributed at 87 schools with over 1.5 billion half-pints of milk. Actually this is 6 percent of the total consumption.

We ship abroad over 100 million tons of food, the equivalent of 3½ ships which sail from harbors somewhere around this country every day, reaching over 100 million people in over 100 countries around the world. Actually 37 million school children outside the United States benefit from this program.

Secondly, the Department is the No. 1 consumer-protection agency, I think, in the entire United States Government. Most of our meat and most of our poultry, for example, is inspected by Department of Agriculture inspectors, over 3,000 of them, each inspecting 14 million pounds of meat a year.

Thirdly, it is one of the outstanding research establishments. Actually, the first research done by the United States Government was done in what was then the Department of Agriculture--it was not called that at that time--many years ago, and there are a host of products from these laboratories, some of it not only food and fiber. For example, in the health field, the mass production of penicillin, streptomycin, oramycin, and terramycin were the products of research done in the Department's research laboratories.

In the food field, if you drank frozen orange juice this morning, the patent for that is held by the Department of Agriculture. A number of other things that I could name that come on the market are products

that come from these laboratories. I have forgotten how many, but in the neighborhood of \$150 million a year is spent on research, and we have some of the most outstanding scientists in the world.

I suppose you could say that the Department is the No. 1 recreation agency or institution in the world. Last year 113 million people visited the 186 million acres that make up the National Forests that are in the Department of Agriculture. Associated with that we run the biggest lumbering business in the world, selling in excess of \$150 million worth of timber every year. We are also the biggest fire-fighting service in the world, putting out 12,000 fires a year.

These are things that normally people hardly associate with the Department or think about. In terms of commodities we hold in stock in excess of \$8 billion worth of various commodities. I expect that we could say that the Secretary of Agriculture is the biggest banker in the world, because, in terms of credit, we have outstanding over \$8 billion in credit. The Bank of America comes close; they've got \$7.6 billion, but Chase Manhattan in New York is rather far down the line. They have only \$5.4 billion worth of assets.

This involves FHA, which has the supervised loan program. It involves REA, which is electrifying rural America. And of course our price support commodities total in excess of \$8 billion. So you see this is quite an operation. When we talk about what it costs and about budgets, people don't realize that perhaps one-third, depending upon exactly what criteria you are using, and certainly not more than one-half, of the total budget

of the Department of Agriculture goes to farmers as such. These are services that go to all the American people, and yet, because of the popular misunderstanding, they tend to be charged up to the farmer and carry what we consider a very unhappy label, to wit, a subsidy.

What about domestic American agriculture? I am sure that Dr. Cochran made the point that our problem is not the problem that Communist countries, for example, face, that of not being able to produce enough. Rather it's the problem--and it's a contradiction to say that abundance is a problem, but in a sense it is correct--because we have had this extraordinary production explosion, the like of which the world has never seen. To state it rather sharply and somewhat arbitrarily, the truth of the matter is that we are able to produce more food and fiber than we can use, sell, or give away, and that is likely to be true for the foreseeable future.

That being the case, if you produce more than the market will absorb and you dump it on the market, obviously you are going to gravely depress prices. That's what it comes down to. That is why so-called supply management which is practiced by other segments of our economy is essential if we are not going to have a very serious break in farm~~ing~~ⁱⁿ come, which I think will result in economic chaos.

I have at hand here a very short address given by one of our staff economists, an exceptionally able one, Dr. Schlichter, who came to the Department from the University of Kansas. Let me, if I might, burden you, because this does illustrate the point. If you wish this, it can

be made available. I'll cite a little bit in the way of statistics from this address, to illustrate the magnitude of this production explosion. He points out that the dominant trend in American agriculture can be summarized in two words, increased productivity. From 1940 to 1960 our productivity increased 36 percent while our population increased 32 percent. Output has been outracing the market. Here are some figures which I think dramatize this quite well. With the application of improved crop varieties, the use of more power and machinery, and better farm and ranch management, we have had the following results in terms of crop production per acre.

Production went up 10 percent from 1940 to 1950 and 39 percent from 1950 to 1962. Corn yields per acre went up 32 percent from 1940 to 1950 and went up 70 percent per acre from 1950 to 1962. Wheat yields per acre went up 8 percent from 1940 to 1950 and 52 percent from 1950 to 1962. Cotton yields increased 7 percent from 1940 to 1950 and 69 percent from 1950 to 1962.

Let me bring the last one down to the current problems of the Secretary of Agriculture. He likes to share them because he has quite a few. There's cotton. You know that there are legislative and political problems revolving ^{about} it. There is an old saying that cotton isn't a fiber and cotton isn't a commodity; cotton is a way of life. At the opening of this year we estimated that, with a 32 cents a pound support level, and with the legal minimum acreage allotment of 16 million acres, we would cut down the carryover of cotton about 300,000 bales. Instead,

because of a record crop, exceeding by almost 75 pounds per acre the yield that we had ever had before in the history of this country, we are going to increase the carryover 2.5 million bales. In other words, our estimates were off 1.8 million bales of cotton. This is contributable to improved technology and, of course, to weather. I can assure you that makes the Secretary of Agriculture look very stupid. If he had any brains at all he would have been able to foresee that, but he didn't.

In my own home State, two years ago, up in Minnesota--we produce in that area a wheat called Durham wheat, which primarily goes into macaroni, a very hard wheat, which can be grown in certain areas--there was a great shortage because we had some bad weather experience, and the price of Durham went as high as \$3.50 a bushel. My friends in the grain trade there came and suggested that we ought to embargo it because it was being exported and at that high price it was creating economic problems. I suggested that for once they ought to pay the farmer, that if they paid him that \$3.50 a bushel there would be no problem. We did increase the acreage allotments and we did increase the support price. The next year things turned out exactly right. Instead of having a shortage we ended up with a surplus of 40 million bushels of Durham, for most of which we still owe, and the Secretary of Agriculture was described as a stupid blockhead. That's true, but in this instance there were mitigating circumstances.

Now, livestock production has nearly kept pace with crop production. The total livestock production from 1940 to 1950 increased by 24 percent

and from 1950 to 1962 by 22 percent. Total output for the same period of milk per cow rose 2,000 pounds. I'm reaching for figures again, but, if I recall correctly, in the last 20 years, with 5 million fewer cows we are producing 10 billion pounds more of milk. In the same period feed units per pound for broilers--this gets into the chicken business--dropped from 3.74 down to 2.89. This is extraordinary and in some places this gets close to a 2 to 1 conversion ratio of grain into poultry meat.

This all has meant that the increase in output per man hour in both crops and livestock has been more than significant. As a matter of fact--this is a broad generalization--the productivity in the last 10 years of the agricultural worker has increased 3 times as fast as that of industry. In crops the percent increase in output per hour of labor from 1940 to 1950 jumped 7 percent and from 1950 to 1962 it jumped 97 percent. In livestock from 1940 to 1950 it jumped 36 percent and from 1950 to 1962 it jumped 87 percent.

These I think are rather significant figures, and I think they underlie the problem of overproduction and our efforts to grapple with it. In this connection, as I said earlier, when you produce more than the market will absorb you are going to have a sharp depression in prices. We estimate that if we had no price supports there would be a drop in farm prices of perhaps 25 percent within two years. It is popularly believed that the price support agricultural programs are designed primarily for the small farmer, for the little operator. To be sure, they help the

the small farmer, but the larger operator is much more dependent on it. This kind of drop in prices would put out of business immediately not the man who grosses \$25,000 a year. He would tighten his belt, change his habits a bit, and hang on very stubbornly, and for quite some time. But the man who has got to go to the bank to get a \$50,000 line of credit would go out of business pretty quick. He is the efficient, commercial producer who has made possible, basically, the fact that the people in our country are eating cheaper and better than any people anywhere in the history of mankind. We spend less than 19 percent of our take-home pay for food, and no one anywhere in the world can even come close. If the cost of items of food had gone up as much as the cost of other things in the last 10 years, the bill to the consumer would be about \$5 billion more than it is.

During the same period the percentage of the food dollar that goes to the farmer has steadily dropped. Fifty years ago it was around 60 to 62 percent. I think the last figure has been down as low as 35 percent of the food dollar actually going to the producer himself.

So you've got a problem that I call muscle in the marketplace, because you've got 3.5 million farmers in a sense competing with each other in a kind of amorphous market, and each one is perhaps the biggest gambler in the world, because he operates on the assumption that the year is going to come when the Lord smiles on him and he has a bumper crop and his neighbor has a crop failure. When that happens he'll have both a crop and a good price. But this seldom happens. So you run from feast to famine.

By and large the industrial sector of our economy can practice legally supply management, and do. They don't produce more cars, more steel, more oil, or more chemicals than the market will absorb. They pretty well estimate what it is going to absorb and they can cut back production and lay off people when it isn't absorbing. As we all know, we are still quite short of the maximum efficient point of output in American industry, despite the steady climb in our economy and in our gross national product over the past several years.

The same thing is true with labor. This means collective bargaining, the ability to withhold the product from the market. So the other main segments of our economy have some muscle. The farmer has virtually none. The result is his increased productivity and efficiency are quickly taken away from him in the marketplace by those who do have some power in relation to it. So the costs of marketing and so the costs of labor absorb a greater and greater amount of the food dollar. And unless he has some kind of program the farmer is relatively helpless in this play in the marketplace.

There are lots of different kinds of commodity programs. They vary with different crops. We can get into that. Some are so-called mandatory. Last week referendums were held on cotton and rice. Ninety percent plus of the farmers voted in support of them. Last May a referendum was held on wheat. In that instance less than 50 percent of the farmers voted in favor of the program.

There are so-called voluntary programs. There are hosts of various kinds of marketing orders. Cooperatives play a part in this business of

trying to have some kind of organized muscle in the marketplace. All of them make a difficult, complex dilemma of being able to bring to the producer a fair and reasonable return so that we can continue to have this magnificently productive and efficient agriculture which has meant so very much to our country and will continue to do so.

Now let me comment briefly about the Communist countries. We had a most interesting trip. It was a propitious time to be in the Soviet Union. It was the time of the negotiations on the nuclear test ban, and there was a thaw and people were most receptive. I suppose I was impressed first in terms of the overall attitude, not only with the reception that public officials gave us, which was a very friendly one, but with the people generally. I made it a point everywhere I went--and no one sought in any way to restrain me--to talk to people. I suppose I went 100 times because crowds would collect, and I just took the interpreter and walked by whatever security arrangements there were and walked over into a crowd of people. I would just say, "I am Orville Freeman, the Secretary of Agriculture of the United States. I bring you greetings from President Kennedy and from the American people, who express their friendship and their desire for peace in the world." The word "peace" was just like triggering a weapon. I mean, as soon as that was enunciated there was a spontaneous response, a very strong one. In these maybe 100 instances, ranging from 5 people up to maybe 500, there was never one, single, unpleasant incident. The reception of these people was uniformly outgoing and friendly. I was really much surprised.

After the pounding we have taken from the so-called Soviet press, which is the worst bit of garbage that I have ever seen that has gone on for all these years, it has yet not reached down to the people. So that, as nearly as I could discover in these instances, there wasn't the slightest feeling of antagonism--quite the contrary. And of course there was a tremendous emotional feeling in connection with peace. This can literally almost trigger a reaction. It did trigger a reaction wherever we were. And this was true of the public officials as well.

Of course, having gone through the Cuba confrontation, if Khrushchev had to explain this to his people, he had to explain also that it takes two to make a battle and it takes two to avoid one. So it couldn't help but carry with it the overall connotation that the United States couldn't be such bad warmongers, because somehow or other we hadn't gone to war, over Cuba. President Kennedy had soaked through somehow to the Russian people. This was a familiar name, even away out in the new lands area. How? That's an interesting question. But it had.

This in terms of the overall reaction to me was a very surprising one.

Communist agriculture, of course, is having extreme difficulty. There are many reasons for it. First of all, if we are going to be accurate, we need to recognize that the Soviet Union does not have either the land or the weather capacity that we do. They are located far north. There are few areas that can match the productive areas in the United States.

Secondly, the investment in agriculture has been minimal. They are

now at least talking about correcting that, and there is considerable evidence that they have begun to do so.

Thirdly is the question of organization. This is basic, and it would be my considered judgment that collectivism in agriculture is never going to approximate the efficient output of the American family farm. This isn't just a kind of platitude. The drive, incentive, and know-how go along with owning your own land and running your own operation. It's pretty hard to match. It's particularly hard to match in something that has a wide a swing of variations in its operating conditions as agriculture has. So collective state farms, running from 10,000 acres to 250,000 acres--which was a farm that we visited in the new lands area--cannot, and in my judgment never will, be as efficient on a man hour, work unit, output basis as American agriculture.

That's not to say that they cannot produce and produce rather heavily if they make the necessary investment of people and of resources in order to do it. But it is going to be a very, very costly kind of proposition. As you know, they have organized about either state farms or collective farms. A state farm is run just like an industry, with a manager and with an organization depending on the particular area. The biggest one we visited was in the new lands area, in Orenburg, which is in the Urals. Our schedule was changed. It was the only change of our requests. They had us go there instead of to ^{Tselinograd} ~~Stalingrad~~ which is in Kazakhstan, which has subsequently been proven to be the area of the most serious drought. We thought about protesting this, but didn't, because no American had

ever been to Orenburg. This was the first area where land was broken in the so-called New Lands Program. Dozens had been to ^{Tselinograd} ~~Stalingrad~~. The farm that we visited there, as I say, was 250,000 acres, and there was wheat as far as you could see. They had at that time a reasonably good crop. That's a spring wheat, rather than a winter wheat, area. We would have estimated wheat running 12 to 25 bushels to an acre. It was, as I say, one of the first areas where land was broken. That's the state farm organization.

The collective is theoretically some kind of a cooperative. The members of this collective gather together and have an annual meeting once a year. Theoretically they select their own farm manager. They carry about 10 percent professional personnel. One of the things they have done is train about 100,000 professional agriculturists over the last 10 years. These run the gamut from veterinarians to the other specialties in agriculture. They then have a high degree of specialization. They also have an effort to apply incentives. I talked personally to maybe 25 or 30 workers on collectives or state farms. I climbed on combines and on tractors. I talked to milkmaids and the rest. I always asked the question in connection with incentives. I found no case where there was not an incentive pay schedule. I think probably everybody in agriculture has it. They apply three kinds of incentives, or try to.

One is the job is classified and norms of production are set. If you exceed the norm you get extra pay or a bonus for the additional production. Secondly, if the operation of your collective farm shows a

profit at the end of the year after it has met its quotas, that will be distributed to the members of that collective. How much will be distributed, how much will go into capital investment to build schools and roads and other things within the collective, is apparently left up to the individual collective. However, the word seemed to be--not the law but the word--that some of it should be actually distributed to the individual members.

Thirdly, of course, is the recognition, psychologically, of the Soviet labor hero. You run into this everywhere. They have the medals and the recognition. Every one of the so-called republics has a big exposition. Agriculture is a part of it. The people and the names and the pictures of those who have exceeded the norms and have been the outstanding examples of productivity are lauded again and again and again. So incentive runs away out in front.

We concentrated on the question of organization and administration even more than we did on technical production. They were quite cooperative. In many places they actually came out with charts some of which were prepared for our own use because we were coming. In each place--this happened maybe 20 times--we would sit down around the same kind of table, with the same kind of green felt like a pool table cover on it, with the same kind of bowl of fruit, and with the same mineral water. I got so I couldn't look a bottle of mineral water in the face again for the rest of my time. We really dug in and they had some very competent, technical people. Sometimes these conferences lasted for as

long as three hours. We had them bring out their books. We asked them what their cost was. We asked them what they produced, how they were organized, how they decided what they were going to produce. We discussed technical organizational, fiscal, and governmental relationships and problems.

One of the big questions was always was, "Who selects the manager of this farm? How much influence do the people really have in connection with the policy decisions in this operation?" I am talking about collectives. They always blandly said that this was determined by the people and that they have the final say. I always asked the question: "Well, now, if you've got a very clever demagogue who manages to build up a little political organization on this farm and is doing a lousy job but because of his power within this operation is able to continue himself, what do you do then?" The answer always was, "That just doesn't happen. We don't have that kind of people. We have never faced that problem." We kept digging in on it. Finally--and this is just within this room I am sure--we had a long, long conference about this with the Minister of Agriculture of the Ukraine, a fellow by the name of Spivak. He is a dynamo, a dynamic fellow and very colorful, very able, and very adroit. He has been the Minister of Agriculture for 14 years. Anybody who can stay as a Secretary or Minister for 14 years has got to be damned adroit.

They've reorganized. At one time the Ministers of Agriculture had been the real focus of power in agriculture in terms of production and supply. In one of the Khrushchev reorganizations they revolved this

and we never could completely get it straight. Actually they didn't seem to know themselves. The Minister now is mostly like our Extension Director. He is a Research Director in Education. There is a Minister of Production and Supply who basically makes the allocations and reviews and rides herd on the production.

I finally got out of Spivak that they have an Inspector for about every five farms and he reviews carefully what takes place. I asked Spivak what he would do if he got the kind of situation where he wanted to remove somebody he said, "Well, if he wasn't doing an efficient job he would be breaking the law. He would be running contrary to the plan. The plan is legislated into law and he would be acting illegally." So the truth of the matter is that this is what it comes down to, which, of course, we knew.

But there is, I think, a growing element of self-determination and local decision-making. This is by necessity, because agriculture, as such, is subject to so many local variations that, if you are going to be effective, you are going to have to adjust to them. This, with the nature of the system, they are having an extremely difficult time doing.

They are now paying abundant lip service to the concept of local determination, but the truth of the matter is that when Khrushchev sneezes everybody takes out their handkerchief. The net result is that this is very difficult to do. There is always the tendency to do what the boss man wants to do, and much more so, certainly, in a totalitarian system with all the overtones and all the historic background that go

into. But everywhere this was emphasized. They said, "We make our decisions. We decide. We no longer are told what to produce. We now get quotas of certain things that we are to produce but how and on what land is a locally made decision." I think increasingly this probably is the case.

We found some pretty good research and improvement in seed and technology. Today there are a half-dozen different kinds of hybrid corn, and they are beginning to use them according to local soil and weather conditions. We found some excellent strains of cotton. They are doing the same here. We found some new wheat strains in ^{Krasnodar} Krasnydaw that would increase production, as nearly as we could tell, about 25 percent. They have a rather good record of getting that out in five years, which isn't very long. This particular kind of seed, which is very successful, was being planted very widely around the Soviet Union and the satellite countries as well.

The problem fundamentally is that it takes a long, long time before they really do this. Something starts somewhere on high and then they seem to swing to the extreme of everybody doing it. Then they realize it won't work that way. Then it pulls back, and then they try to make allowances for local variation.

The lead time on this process I would say is almost ten years. It's a long, long time. But they are paying lip service to it. But this is a frightfully ponderous, bureaucratic operation which can shift its gears and change its direction only very, very, very slowly. But, as I say,

they are beginning to recognize this fact, and there is a good deal more relaxation beyond any doubt.

Some of the people who traveled with me had been in the Soviet Union 3 or 4 times and they said that there was definite agricultural progress in relation to seeds, research, and machinery, and also that there was much more relaxation, and that a comparison of the Stalin days and attitudes with those of Khrushchev showed a difference, if not as between night and day, at least between a dark night and a dusk one.

The contrasts that you run into are enormous, of course. One that struck me particularly was when we were in Minsk. Incidentally, we traveled from Moscow to Orenburg, which is in the Urals, down to Tashkent and Samarkand, which is the Asiatic part of the Soviet Union, over to Sochi on the Black Sea, to ^{Krasnodar}~~Krasnydaw~~, which is the Iowa of the Soviet Union, to Kiev, to Minsk, to Leningrad, back to Moscow, and then to Warsaw and around Poland, to Rumania, to Bulgaria, and to Yugoslavia.

One of the most amazing contrasts took place in Minsk. We went out one Saturday afternoon down a narrow, blacktop road, and on the left was a modern, excellent, self-propelled combine. They were combining rye. On the right, as far as I could see, there were shocks of grain, where the grain had been tied and stood butt end. I'm curious to know how many here have ever shocked grain or handled a pitchfork. Hell, you are all farmers. What am I talking about? Of course, it wasn't very long back when we did this. Grain would come out of the binder and the bundles were tied and the grain would shocked and then it would

be hauled in and threshed. In this instance I saw those shocks, and having shocked a lot of grain I was interested and stopped to take a look. What I had seen was verified. This grain was not only in bundles but it had been tied with the straw itself. It had all been hand-tied with straw, like they used to do it in this country. In other words, the binder uses twine. You remember that sometimes the binder drops a bundle that is not tied. The oldtimers, at least those who taught me how to shock, would never demean themselves by using string. They'd take some straw and quickly whip this into a kind of rope and they'd tie that bundle with straw--boom. That would be that. Every single bundle in this field, as far as I could see, was tied, not with twine but with straw. The amount of manpower that went into this was extraordinary. This was right across the road from a modern combine, self-propelled combine, and these two things were going on at the same time. In part this was their recognition of the problem of under-employment. They are facing it and there is some make-work involved. These adjustments take place.

The current wheat situation, in our best judgment, is basically a one-shot affair. The Soviet Union has always exported wheat. It is true, as Khrushchev said, that Stalin just let them starve to death and kept on exporting. There might be a little difference in the Soviet Union in that they are not doing that. They have about as bad weather as you could possibly have. They have deep, cold winters and an early thaw, a deep freeze, a hot summer, and a wet harvest time. You couldn't get a worse combination. It happened all over the Soviet Union, which is, of course,

quite unusual as well. So, from a weather standpoint it has been a very bad year. Their production was down at least 20 million tons.

An estimate depends on what figures you want to take. It is a flexible thing. If they have weather equivalent to what they had between 1959 and 1962, which was not good, they will be short 1 to 3 million tons of wheat next year. If they should go back and have as good a year as they had in 1958, when they produced 60 million tons of wheat, they will be able to put 5 to 7 million tons in reserve for export, as they have before.

On wheat, on sunflower seeds, on sugar beets, and on the things that in a sense you can mass produce, they have made some progress in terms of cost, in terms of inputs of people, and what it takes. They can't compare with American production in these items either. Of course, when you get into the more sophisticated type of production, like animal husbandry and fruit and vegetables, they are a long way behind.

The so-called satellite countries are much the same. Poland and Yugoslavia are unique exceptions, with private farm ownership, but both are in a dilemma and are suffering from what I would call a kind of schizophrenia. On the one hand, by constitution, private land holdings in Yugoslavia are written into the Constitution and 85 percent of the land is farmed independently. The same thing is true in Poland, although it is not written into the Constitution. Both Poland and Yugoslavia, however, limit the size of holdings. In Yugoslavia it's about 25 acres. I have forgotten what it is in Poland. Both are dedicated to the goal of

collectivized agriculture, although without force--by voluntary means. The peasants are hanging on. They are really tough and they don't want to give an inch. On the other hand, they are holding the size of the units down so small that they can't really produce efficiently. None the less their output is significantly higher than that in any of the other countries in the so-called bloc group.

I made an off-the-head observation as to the most impressive country. The easiest way, as you well know, to get to be an expert is to visit a place for two weeks. If you stay longer than that you have some trouble qualifying. And if you stay as long as ^{a year,} why then you don't know what you are talking about at all. I was there just long enough to talk. The people I ran into in terms of technical capacity and drive and, it seemed to me, real, thorough planning, were in Rumania. They are as tough as boiled shoe leather, and they are putting their operation into effect. The people I dealt with and talked to were extraordinarily well informed. I think that Rumania, of all the countries that have tried collectivization, is going to do the best job. That's just a personal estimate.

Let me touch quickly on trade in the Common Market. One thing that has come to the front generally has been this very difficult problem, political and economic, of the Common Market and what is going to happen to Western Europe. The chicken war is referred to occasionally, and the Secretary of Agriculture is considered something of an antagonist in this little engagement. That's correct. There are some serious problems, and it just happens that poultry was an example of what can be done to us and

to our markets by an inward-looking, protectionist attitude in Western Europe and the application of the fee system, which I think is contrary to GATT in the first place and is a very dangerous instrument, where unilaterally, without an eye, yes, no, or a hearing, you can jump the equivalent of a tariff/^{or levy}from zero to 100 percent by somebody just writing his name on a piece of paper. That is literally what happened in the poultry thing. They jumped our tariffs up from 4 to 13 cents, and cut 60 percent of our trade--bing--off overnight. This can happen in all the commodities, and in a market of about \$1.5 billion in Western Europe.

There are those economists who feel that, as far as the economics is concerned, unless we get reasonable access to Western Europe, the United States will not benefit from the Common Market. As far as industry is concerned, the likelihood is that we will suffer economically and tradewise and not benefit, and that the only benefits will run to the possibility of access to markets there.

This is tied in, of course, to a worldwide picture. We are right now circulating a staff paper in our Government. I read it over the weekend. It will be reviewed before Erhardt visits here. It covers something that we are describing in the Department as a market-sharing concept. It says in effect that, given a level of trade, we should agree that we will not go backward to encourage uneconomic production or to restrict access more than it is restricted today to the most efficient producer, and that we will then seek to develop a workable formula where

periodic renegotiations can result in adjustments based on the rule of comparative efficiency and most efficient production, and move in that direction.

Every country in the world has a host of restrictions on agricultural trade. They are the product of the fact that the farmer is the low man on the economic totem pole in every country in the world. As a result, this whole admixture of laws and techniques has come to the front.

I might add, and this might surprise some of you, that the United States is the No. 1 free-trade country in agriculture in the world. A careful study that we made and carefully checked out, going through all the protection devices and measuring them on other criteria, shows that we have about 29 percent restrictions. Even the United Kingdom has close to 45 percent, and most of Western Europe is up to 95 percent, which means they have various kinds of quotas and restrictions on imports.

So we have this situation, and we need a common kind of approach to it. Then it's got to get into the question of international commodity agreements, in my judgment. The first thought of the theoretical economist is that this is going backwards, that we have been against quotas, and that this looks like cartelism and the rest of it. Actually, it is not. It is preventing us, really, from going further backwards, and it makes us seem to be pragmatic and realistic about the situation we basically face in agriculture all around the world.

This would be a workable kind of device. We are thinking, and again this is not our Government's policy, but we are thinking seriously

about where beef is concerned right now. We have had an increase in the last few years in imports of over a billion pounds of beef. We are the only country in the world with no restrictions on the imports of beef. We have only a 3 percent tariff. It is pouring in here. There is a potential in Australia particularly, and if they ever got hoof and mouth disease in Argentina they would flood our markets and destroy our producers. No one can permit that to happen overnight.

Now a liberal, sensible policy on this has evolved. This is what we have done on certain dairy products, like cheese. We give a base quota and a reasonably liberal one and then a percentage of a growing market. In the last couple years this would certainly apply in beef. This is what we have asked in the Common Market countries. So far they have been unwilling to even talk with us.

My considered judgment is--and you'll pardon my lapsing into the colloquial--that in trade in agriculture/^{with}the Common Market and in dealing with the EEC we have been reamed, steamed, and dry cleaned. They think we are nothing but a bunch of patsies. I mean it. They trade hard, rough, tough, and mean, and they won't give us an inch of anything. In connection with this we have put political thought out in front and tried to do anything so that we wouldn't rock the boat on the political problem of bringing Western Europe together in the partnership of the Western world.

This is a fundamental, basic, important matter. It goes without saying, and I can assure you that I am dedicated to it. But this is not

going to be done by riding over our legitimate economic interests. By and large we haven't stood up, and they never really believed that we would stand up for our rights. They believed that when it came to a tough spot we would back off and say, "All right." This is what we have always done.

Agriculture being critical in connection with this--I am speaking personally now--there are some differences of opinion on it, and the time has come when some of these people had to know that we meant business and that we were not going to see our markets totally taken away, that we simply were not going to permit the EEC to become a totally protectionist device. This is what the chicken war is all about. Hopefully, some kind of accommodation will come to the front here. It is a tough, hard problem and there are differences between France and Germany. We can get into that on some questions if you wish to ask them.

Finally, there is aid. I have broken my statement about brevity. I have forgotten all about that admonition that "He who thinketh by the inch and speaketh by the yard ought to be kicked by the foot." But you are very attentive and very receptive and a very influential group, and I hope you've got your hearing aid turned on. This is really useful. Maybe you've heard the story about the old fellow who was hard of hearing and who was so prideful that he wouldn't get a hearing aid. So finally he read in the paper about one that you couldn't see because it was pretty well hidden. He went and got it and it worked

beautifully. He went back a couple weeks later and told the fellow at the store that he wanted another one in case this one broke down. Of course the salesman was pleased and he said, "I'm glad you enjoyed it. How about your family?" The old fellow said, "Oh, they don't know a thing about it. I have changed my will three times in the last week."

Aid, PL-480, will be up again next year. I think this is one of the greatest programs that the mind of man ever devised. It has done enormous things around the world. There is a combination of our commercial interests and our generosity and humanitarianism. We've got this food. There is no real surplus if there are people hungry anywhere. But it is not a simple matter given the mechanics, the logistics, the politics, and the rest, to get to people who need it food in a form in which they can use it without disrupting totally their economy, discouraging their agriculture, and disrupting world trade as well. So this is not an easy program.

But we've learned so much. Today food is beginning to be used as capital. It's beginning to build schools and roads, to resettle new lands, public buildings, and a host of other things. In over 19 countries now food is being used as wages and with the net result that it encourages and stimulates institution building as well, because, in order to use it people have got to organize. You can have a school lunch program and women are going to have to get together and prepare it. If they are going to build a school, then some of them are going to have to get together to

plan it. You begin to get a kind of indigenous, local kind of organization. These are basic roots upon which any democratic, free society must rest. It seems to me to be particularly important in those countries that have no respect for their government, of which there are many. We have many in Latin America.

So this is a great program, a humanitarian program, an institution-building program. For the foreseeable future the Western world is going to be able to produce more than we can use. Two-thirds of the world is going to need food desperately. So we've got a kind of unique situation here, where you can probably bring together the commercial interests, the business interests and the economic interests in making these agricultural adjustments of the productive nations, and at the same fill the human needs and also give economic assistance.

I think the key to the future of economic assistance to these countries rests in this use of food. We are doing some real pioneering in it. It is a very exciting thing. As a matter of fact, this whole business is what initially stimulated me to want to be Secretary of Agriculture.

Now, there are two kinds of food gaps. Dr. Cochran, who was here, has produced a very interesting paper on this. You can call one gap the nutritional gap. This is where people simply don't have enough to eat. That is relatively simple to fill in terms of quantity, at least. Then when these countries begin to make some economic progress you've got an economic gap or deficit, because, as soon as they begin to have some income they have an inelasticity of demand of about .9. When you are

hungry and you earn some money you spend it for food, and if additional amounts of food are not available as those countries start to expand, they are going to have serious economic problems ranging from inflation to a whole host of things that flow from it.

So, for the foreseeable future we are going to have heavy demands-- because there are going to be heavy needs--first to fill the nutritional gap and then a larger gap that will require a greater quantity, more than we can handle, an additional amount, based upon the economic growth and meeting the resulting need.

Down the road on this, is, of course, an eventual source of markets for American agriculture, because this aid and the resulting economic development promise the commercial markets for American productivity. The so-called developed countries are never, in my judgment, or at least for the foreseeable future, going to absorb the increased productivity of agriculture.

We estimate here that by 1980, with a population of 225 million people, we will need not more but 50 million fewer acres of land in production. That's how much production is outracing our increase in population.

To summarize, then, the agricultural policy of this Government might be likened to a three-legged stool, maybe a milking stool. One leg of the stool is our commodity program to try to give the farmer some muscle in the marketplace so he can get a fair price and a fair return and continue to be an efficient producer who contributes to our

economy.

The second leg is what we call our Rural Area Development Program, which I have not touched on here. Very briefly, this is to move land out of farming and out of producing corn, wheat, and cotton that we don't need, into other uses. One might be grazing. Some is wood lots and timber. A great deal is going to be recreation. I was in North Carolina and spoke Saturday to a community-development group in that area. Close by a farmer had taken 180 acres of cotton land he didn't need. He had converted it into a golf course with an FHA loan, and he was making much more money producing and selling golf than he was producing and selling cotton.

We are encouraging this all over the country and seeking to move land, not to idle it but to move it, into new uses. There are a couple Congressmen on the Hill who are very skeptical about this. It so happens that there are golf courses in their districts that have been the product of FHA loans, and the brother-in-law of one of them is the President of the association that promoted this land improvement. So I am looking forward to hearing some interesting colloquies about this one.

I am catching billie blue blazes on some of this. They keep saying to me, "What are you talking about recreation for? You are Secretary of Agriculture." It's nonsense to produce things you don't need when there are things you do need. Recreation is one of them. We are never going to have adequate recreation, in my judgment, in this country on public lands and public recreational facilities. Eighty percent of it is in

private lands. We need to apply the same multiple-use principle to private land that we apply to the Nation's forests.

Anyhow, this massive rural area development program to readjust and realine the use of land that we don't need in agriculture is the second leg of this stool.

The third leg is trade and aid, this combination working for our own legitimate commercial markets and using our abundance as a matter of economic assistance, and leading eventually to markets for our very great productivity.

Japan today is our No. 1 agricultural market. Japan not very many years ago was close to our No. 1 food-for-peace recipient. This, of course, is an exceptional example.

Spain is another. We put vegetable oil into Spain not many years ago in the food-for-peace program. They mixed it with olive oil. Today Spain buys \$70 million worth of vegetable oil from the United States.

So these are the three parts of an overall program. Fundamentally, what goes on is not a problem but a process, a process involving very fundamental change, and it hurts. A lot of people are getting hurt. The adjustment isn't going to be made overnight. It is going to go on probably for a long, long time and with varying degrees of intensity. But it is an important one and I might say that it is better to be the Secretary of Agriculture and facing my problems than those that the Minister of Agriculture for Khrushchev has. I'd rather live with abundance but I might say it's a lot more difficult to explain than scarcity.

This is really a new world. It really is. The amount that we can produce, not only in agriculture but in other areas, is extraordinary. We have in this country tremendous unused capacity and great unmet needs. This is true around the world. Science and technology really mean that the onerous, burdensome, grueling kind of work that the great majority of men have done since the dawn of time to stay alive --and most of us have done some of it at one time or another in our lives--is increasingly becoming unnecessary.

That ought to be a cause for great celebration and thankfulness, but it has not been so far an unmixed blessing. Automation has frightened this Nation and its workers deeply and they are frightened for their jobs. Science and technology have frightened agriculture deeply and they are frightened for their farms. So here we have the potential of a new dimension of living the kind of which was never even dreamed about before, a new world of abundance. Yet we have lived since the dawn of time in a world of scarcity. The rules of the age of scarcity are not going to work in the age of abundance.

This to me is the basic problem we face. It requires the kind of thought and the kind of leadership and the kind of insight which I am sure are products of the 10 months which will give you time here to concern yourselves with the important and not get lost, as I sometimes think I am, in the urgent.

Thank you very much.

COLONEL MARTHENS: The Secretary is ready for your questions.

QUESTION: Mr. Secretary, the report of the Committee for Economic Development and its adaptive program for agriculture make a subject I would like to discuss. Will you comment on your opinion regarding the adaptive program for agriculture?

SECRETARY FREEMAN: Yes, I took a strong position critically analyzing the CED report. It carried no kind of solution. It basically contemplated a sharp drop in farm prices and the removal of supports and then said that the real essence of it was that/you you've got to do is move people off the land. This misses two points. The first question is, to move them where? Most people in agriculture are over 50 years of age--the great percentage. Their skills in terms of modern employment are sharply limited. Running 5 to 6 percent unemployed is just a lot of words. To accomplish this is really not realistic.

Secondly, it overlooks the fact that you can move the people off the land but the land is still there. In many instances you will end up with more rather than less productivity. You can take and merge some units and end up with more productivity than you had originally.

So the solution of moving the people off the land as a solution in terms of agricultural income and overproduction, in my best judgment, simply misses the point.

Rather the program ought to be one that keeps the people on the land, or at least that opportunity, by diversifying the local economic base, concentrating on the location of industry in some of these areas

and with diversification developing recreation, encouraging home building in a community, recognizing that there is a great place for some farming and some off-farm employment, seeking to maintain the economic contiguity and viability of rural America, rather than, as a matter of conscience program seeking to move people from the country to already concentrated urban areas.

Secondly, it assumes that all the price-support programs are relief programs and if we eliminate them this would work out and the efficient producers would come to the front and you would have so-called free enterprise in agriculture. Well, as I said earlier, the farm-support programs are not relief programs. This is directed toward the efficient, family-size farm operation. That is a man who runs a heavy investment, maybe \$100,000 plus, and a heavy line of credit, and he is going to go, and go fast.

So I think it is a totally unrealistic report and analysis.

QUESTION: Mr. Secretary, things that go into the market by grades are meats, butter, and eggs. When you come to canned fruits and vegetables, you practically never see a grade marked on a can. Why this disparity?

SECRETARY FREEMAN: I don't know. It's a good question. I'll find out. It's a very good question. This is fresh stuff, you see. I think the emphasis on the canned stuff has been primarily directed toward whether it is wholesome and sanitary. The quality aspects of it we have not got into. You are right. I think we have relatively little to do

with this. We do inspect all the poultry and meat from a sanitary standpoint. On the fresh things We do grade them and standardize them. You may have a point. I'll look into it. I don't know the answer.

QUESTION: Mr. Secretary, apparently the current means of controlling crop surpluses is by acreage means. Would you comment on the feasibility of having both an output and an acreage quota, where the farmer would receive either no subsidy in excess of an agreed output or a very reduced subsidy?

SECRETARY FREEMAN: I think that it is sound. The problem is a political one. Bushels, bales, and pounds make much more sense by way of a control program than acres. The trouble is that we had a bad experience with tobacco on this back some 20 years ago or so, and the net result was an administrative breakdown, actually, so that this got to be anathema.

Production programs as well involve limitations of payments usually. This also is politically anathema. But, from a theoretical and an economic standpoint, bushels, bales, and pounds make much more sense than acres.

The wheat referendum which defeated the wheat program was substantially a bushel program--it was both bushels and acres. The feed grain program is also in part a production payment program. The Talmadge-Humphrey Bill in the Senate, the cotton bill, right now is a production payment program. The McGovern wheat bill is a production payment program.

I think we are going to move toward this, which makes much more

sense economically and certainly in terms of international trade. But it has tough going politically.

QUESTION: Mr. Secretary, would you discuss further the problem of the French-German current debate and what our stake in the solution might be?

SECRETARY FREEMAN: Yes. This has many ramifications. To state it very briefly, the current one revolves around grain. The Germans have a price-support level for grain of about, let's say, \$3.25. The French price is roughly \$2.25. Now, mind you, our support level is \$2.00. Ours is substantially lower. It costs us \$1.50 feed, mind you, to get a bushel of grain into the Common Market, just as it costs us more to get a chicken in than we pay the farmer who produces it.

To come back to this, the real question now is: What should the common price be? If it's the French price, this is too low for the inefficient German producer. On this one we tend to be with the French. If you went to the German price there would be a good deal of uneconomic production encouraged in France. This would mean that in all likelihood, except for certain kinds of very hard wheat, which they can't produce, that they would produce all the wheat we need within the Six. With the fee system that means we would have no access whatsoever into that market.

When I was in Europe, Monsault, the Commissioner of Agriculture for the Six, came out with the recommendation that the price should be half way between the French and the German price. We feel that this will be very much contrary to our own economic interest and our future market.

Some of his suggestions for negotiating international agreements we feel would do that as well.

So now the question is where this is going to land. Our posture is going to be--this is not finally resolved, but at least it is my posture position, strongly, and has been for two years--that we are entitled to some kind of access assurance. If they would say to the United States, "You've had in a base year this many bushels. We will assure you that for the next three years you will have that many and a percentage of the increasing market," this is what I mean by the market-sharing concept. Without any access and with a high internal price, there will be almost no market for American grain in Western Europe in the years ahead. That's the stake we have in it.

QUESTION: Mr. Secretary, in regard to the international wheat agreement of 1962, and France and Germany's participation--France as an exporter and Germany as an importer--since they have agreed to buy and sell at the international wheat agreement price, why this quarrel that you just referred to between France and Germany?

SECRETARY FREEMAN: They agreed that they wouldn't buy at a higher price and that they wouldn't sell at a higher or lower price. They didn't agree that they would buy and sell anything. That's the point. They set down the ground rules of the game, but they didn't say that anybody would ever kick the ball.

QUESTION: Sir, with reference to the wheat referendum of last May, can you evaluate this? I wonder, 6 or 7 months later, what your appraisal of that would be.

SECRETARY FREEMAN: It sure wasn't a victory. But wheat is one commodity. The way these things tend to be, you would think that that was the entire program and that everything had come to an end in relation to any agricultural program. That is not the case.

As we stated, the question of whether we campaign or not depends on whether you are a Republican or a Democrat, I guess. Quite clearly, it was the judgment of the Department that this to the benefit of the Nation and to the wheat farmer. It was the difference between \$2.00 wheat and \$1.00 to \$1.25 wheat. When the Department voted against it, they voted against a number of things, but at least in connection with wheat they voted against a so-called mandatory program, which meant that, if two-thirds of the farmers voted for it, everybody would have to comply with it. That's a mandatory program, and the word "mandatory" was parlayed into quite a semantic weapon.

I have run for a Statewide office six times. If I ever got two-thirds of the vote I'd be so surprised that I don't know what I'd do. When two-thirds of the producers agree in a program it would seem to me that that's a pretty democratic procedure, if you've got to have some kind of supply management.

The other kinds of programs, like those in the feed grain program, I call the beg-and-buy programs, in which you pay for acres not being farmed. This has worked very well, although it has been expensive. As productivity goes up it costs more to buy acres out of production. That's a built-in weakness to the so-called voluntary programs. Feed

grains this year will be down from 85 million tons, when I became Secretary, at the end of this crop year, to about 60 million tons. Wheat is down from about 1 billion 400 million bushels, I think, at the end of this crop year, to about 900 million bushels, and if the Soviet wheat sale goes through, it could be down as low as 750 million bushels.

So these voluntary programs work, but they have been costly. In the long run the mandatory programs make it much cheaper and much more effective to control supply, but they are very difficult to sell politically.

So this was not a defeat of the overall policy of the Department. In this instance, for this commodity, what we recommended was not accepted. To that extent it was a defeat.

QUESTION: Mr. Secretary, you mentioned the fabulous increases in productivity in the United States since 1950. You also mentioned, and so did the newspapers, the fact that Khrushchev is going all out for chemicals as a solution of all his future agricultural problems. What portion, would you say, of this fabulous growth in production as your estimate was due to chemicals?

SECRETARY FREEMAN: A significant part, certainly machinery, and the application of chemicals, both fertilizer and pesticides and insecticides, played a very instrumental part. He is quite aware of this and knew a good deal about it. I spent two hours with him. He also recognized that producing it is one thing and applying it to the land is

another thing. It has taken almost ten years, we feel, for American farmers to learn how to use fertilizers properly so as to get the maximum return. They may get the chemical plants built. It's going to be a lot easier to build them than it is to learn how to use the fertilizer.

QUESTION: Mr. Secretary, I imagine Japan is an important market for our raw cotton. What is your position on restricting imports from Japan of manufactured textiles?

SECRETARY FREEMAN: Let's put it this way. I think that we have to do something, so long as the Japanese and other textile manufacturers can buy cotton $8\frac{1}{2}$ cents a pound cheaper than our own mills. This is a product of our own program. In this instance we have to meet the world price in order to sell cotton around the world. That being the case, the negotiated quota arrangements are sensible. They are difficult and complicated, and nobody is very happy, but I think on balance they work reasonably well.

If we get a cotton bill passed, so that we will no longer have to face this differential, then it becomes a question of not the cost of raw material but comparative efficiency relative to manufacture. I am philosophically a free trader and believe in liberal trade principles. On the other hand, realistically, we do not destroy industry and suddenly throw thousands of people out of work and the rest, with one fell swoop, nor does any other nation.

So this has to be a matter, then, of a sensible kind of adjustment.

We ought to always, I think, have the rule of comparative efficiency before us, and try to move ahead and not backward in that direction, worldwide.

QUESTION: Mr. Secretary, with reference to moving labor out of agriculture, I agree with you that it is difficult to displace the old people with new entrants into agriculture. There seems to be a lot of effort going to training new people in our institutions. Would you comment on this?

SECRETARY FREEMAN: You mean training them in agriculture? Let's put it this way. There is too much narrow, vocational, agricultural education which ought to be more broadly diversified in order to qualify to be prepared for alternative kinds of employment. I am concerned first that we are going to have to have enough young people trained to continue in agriculture, and we have a disproportionate number of older ones. This is one problem.

Secondly, in a number of places vocational education is too narrowly agriculture. It ought to be broadened out to a new, broader base, to qualify them for other kinds of employment.

Thirdly, of course, the number of people involved in agriculture is a very significant one on the business side of this. You get into processing, distribution, retailing, research, and all the rest of it--the service side of agriculture. There have been a considerable number of opportunities, and a great many people taking agricultural training, at least in our higher institutions, are not going on the land, they are going to Du Pont and to

American Corn Products Company, and others involved in the business side of agriculture.

COLONEL MARTHENS: Mr. Secretary, from the response here it is readily apparent that we are all grateful to you for spending so much time with us this morning. Thank you very much.

SECRETARY FREEMAN: The privilege is mine. Thank you.