

AGRICULTURE AT THE CROSSROADS

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There are strong forces active these days that are greatly influencing the minds of men. These forces are not only strong but they are turbulent and it is difficult to correctly analyze the actions which stimulate them and the reactions which they cause.

Four years after V-J day, America is still struggling with the problems of postwar readjustment. Agriculture has an important part in the readjustment. Production from the immediate prewar period to the after war years increased by one-third in this country.

This, of course, was not a uniform increase. Food grains almost doubled; truck crops increased some 40%; fruit and nut production is up by one-fourth; at the same time the population only increased some 11%.

In the '30's, the nation was trying to deal with surplus agricultural production and yet here we are today with a much larger increase in agricultural output than our growth in the number of mouths to feed.

There has been a substantial increase in per capita food consumption. But it has dropped from 1946, when it was 19% above prewar to 10% above now. All this apparently adds up to a situation where we have more food products to dispose of, even on a per capita basis, than during the supposed surplus period of prewar years, and with a per capita consumption drop it looks like trouble ahead.

California specialized crops are particularly vulnerable in a situation like this for their market is influenced by buying power even more than staple foods. With unemployment and lower incomes a number of our food commodities which many people think of as luxuries but which we have come to know as having high protective values, take the brunt of the slice in the food budget.

There are, of course, many complications in this situation. Food habits of our population change in various directions, depending, in part, upon the work habits of our people but, to a considerable extent, also upon the findings of nutritionists and the advertising programs which take advantage of these findings. New commodities are coming on the market all the time and new processes and new sales techniques are being advanced. Fresh fruit per capita consumption today is about the same as prewar but canned fruit is up almost one-third and canned juices and frozen fruit products, four times.

In addition to the demand factors mentioned just previously, there is, of course, the supply side of the equation. In the price adjustment now taking place and with the parity figure for all agricultural commodities at 106, contrasted with the record high 2½ years ago, at 133—oranges have been selling at only a little over one-half of parity and lambs at 178% of the parity price. The supply factor is quite evident in both these instances. We have a fourth less sheep in this country today, as compared to the base period of 1910-14 but we produced last year something over three times as many oranges as in the base period for this crop.

During the second world war, prices for farm products rose to record heights, as we easily remember. In fact, these high prices perhaps are too much in our memory for they serve as mile posts in measuring present and prospective trends. I think, though, that outside of certain politicians, there are few people in this country who do not think some downward adjustment in agricultural prices is in order. I do not mean by this that any of us who raise agricultural commodities are anxious to see the income from these decreased but any sensible appraisal of the economy of this country must lead to the conclusion that extremes of the wartime period are out of line with normal expectancy.

On the other hand, we are all desirous of preventing a recurrence of low incomes which farmers experienced during the 1930's. The important question is which road to take in order to bring about adjustments in our agriculture with the least stress and strain, for the greatest long-time good. Perhaps in this respect we are at the crossroads although, as I am going to discuss with you, we have been traveling for many years down a fork of the road which leaves some doubt as to whether or not we are willing to take a different turn.

Most of the discussion nowadays in many farm circles, and certainly in the halls of Congress, has to do with the kind of vehicle in which we will travel and the speed with which we hasten down the highway to a socialized agriculture.

There is a disposition on the part of some people to feel that the forces abroad today are of such degree that it is useless to try and swerve them and that it is better to join with them in self protection of the individual man or the individual business.

Such a philosophy of accepting a situation, even though one does not believe it right or just, must be regarded as evidence of debilitation and weakness. Such acceptance of the easy way has, of course, been the contributing factor in the downfall of many past civilizations.

We must recognize that there has always been a good deal of give and take, or to use a word less savory to the idealist, "compromise" in the American approach to business progress and development.

Perhaps it may be explained as a willingness to concede that while you believe your own method is preferable there may be some justification for the other fellow's point of view, so you are willing to meet him halfway in order that the two of you may work together and both prosper, rather than pulling in opposite directions with resultant distress to each.

This latter viewpoint, I feel, is justifiable only where basic principles are not sacrificed and where there is reasonable doubt as to which of two or more choices is best.

This is a rather extensive prelude to what I have in mind saying with respect to agriculture's position at the crossroads, but if we are going to discuss a big subject there is no value in starting out by focusing the small end of the telescope on it. Agriculture today is one of the biggest issues before the Federal Government and equally important in international affairs.

Policies which are being determined largely with respect to corn, wheat, cotton, tobacco and peanuts, may well result in affecting the future economic life and method of doing business for the avocado grower.

In your current operations you may have many contacts with government agencies but you still are owners and operators of your own property, doing business largely in line with your own judgment and wishes. The rapidly growing socialization of American agriculture could mean tomorrow (that is, within the lifetime of the present generation of farm operators) your farm lands will be nationalized and you will be carrying out your operations in conformity with the detailed program of bureaucratic dictators.

Perhaps many of you do not agree that agriculture has been traveling rapidly down the socialism road, possibly well beyond the crossroads. Let's look at the road signs.

Socialism is defined as public collective ownership of land and 'capital and management of industries. Limited government regulation in the interest of the general public (that is, all the people) is not socialism, but whenever a government body takes over in whole or part the operation of a productive enterprise or the regulation of such in behalf of 'a segment of the people, that is socialism. That's what the signs look like.

Have you seen any of them? How about the government agencies that operate their own farms? There are many. Often they are advocated on the theory of giving wholesome employment to inmates or patients of our institutions. Sometimes these are justifiable reasons. Are they always?

How about park and forestry department and soil conservation nurseries? Just another step—not important in itself but still socialism at work.

These are the more obvious things. Probably they are for that reason less likely to undermine our American enterprise system. So let's turn to another group of road signs.

In the early 1920's, emergency loans were authorized by Congress to help farmers damaged by floods. This precedent was later used as a basis for loans where more to be expected crop failures occurred and, still later, for financing operations where normal economic conditions did not justify private banks or Farm Credit Agencies taking the risk. And so on to the Resettlement and Farm Security Administrations and now the Farmers Home Corporation Government, Socialized credit for farmers.

The first steep downhill road toward agriculture's socialism came with the federal Farm Board program in 1929. That was the start of direct government interference in farm marketing. Justified? Who am I to say "yes" or no? Nevertheless, it really put socialism to work in agriculture. The Board engaged in large scale purchases of wheat, cotton and other commodities. That was a bold attempt to bolster the position of the farmer. It was followed by the even bolder and more spectacular programs instituted when Mr. Wallace became Secretary of Agriculture.

Suppose we follow along this road:

The Federal Farm Board rendered some valuable service to agriculture, particularly in the cooperative field but its efforts at stabilization of prices for farm commodities were ill-fated. The new deal for agriculture, under Mr. Wallace, thought to profit from earlier experience and so to market manipulations there were added production controls.

That, of course, was a long bit of travel down the socialistic road.

These controls were not set out in bold type "thou shall not" but rather the term used was "compliance." Farmers still had freedom to raise what they pleased and sell it, the only limitation being that if they complied with the government program they were paid for so doing. If they did not, they lost the advantage of their competitive neighboring farmer. In other words, it was economic compulsion. The farmer was permitted to maintain his economic survival provided he complied.

I think we are justified in labeling this a "devious" procedure in government, with all the unsavory character which the adjective implies. In other words, it is a method of forcing a citizen of the United States to meet requirements which our lawmakers have not dared to put on the statute books under outright compulsory terms.

Replacing the Federal Farm Board loaning activities, the Commodity Credit Corporation was set up in 1933, with \$3,000,000 capital. That was, of course, in the dark days of the depression. In the more prosperous years that followed the capital structure was raised to \$100,000,000 and, of course, all during the years of high farm prices, that agency carried on in the purchasing of farm commodities.

It is now regarded by Federal administrators, and presumably by Congress, as a permanent fixture in our government.

The Commodity Credit Corporation has been an integral part of the farm price support program and price supports are certainly signs leading along the socialistic road. What has been the trend here?

One of the theories on which price supports was originally advanced, in fact the basic theory, was that Federal funds should be used to prevent prices from dropping to unreasonably low levels. It was not proposed in the early days of the program that attempts be made to maintain prices at high or even average levels, but rather to prevent a break-through to prices considerably below average. (In

the early 30's, when prices were already at low levels, it was the hope that by putting a bottom under them, the substantial element in our farming industry would be preserved from disaster and be able to build back to more profitable returns.) Even in 1938, Congress specified in the law providing for Commodity Credit Corporation, that loans should not exceed a maximum of 75% of the parity price.

We witnessed, however, a departure from the original theory or proposal, and although prices have risen, the continuing tendency has been to increase the percentage of loan or price support. The 1948 price support legislation proceeded to establish supports presumably permanently at a range between 60% and 90% of parity.

While there are many differences of opinion as to how price supports should be operated, I have heard no voices in Congress advocating that price supports be done away with in their entirety so it appears that this bit of socialism is now considered a continuing article.

To take a little longer look at this particular road sign, let us consider the fact that three of the major farm organizations have indicated their preference for the flexible features of the 1948 legislation, while the National Farmers Union and many of the Washington administrators, and certain leading Congressmen, have been plugging for a 90% or higher price support.

Last winter, while in Oklahoma City, I heard Senator Thomas, Chairman of the Senate's Agricultural Committee, come out categorically in favor of the high price supports for farm commodities. His argument was not so much because of farmer's needs as it was that we now have a tremendous federal budget and the only way it can be supported is to maintain prices at high levels.

Congressman Cooley, Chairman of the House Agricultural Committee, has also advocated high federal price supports and we have all heard of Secretary of Agriculture Brannan's recent program, which is also designed to keep prices high.

May I suggest the thought that farmers at their own request have brought the federal government into their business but the politicians are taking over and more and more are dominating the policies.

Let's turn back for a moment to consider the objectives and accomplishments of these historic steps.

Most of the arguments advanced by farm people and our Congressmen on behalf of the farm program are built around the reputed disparity between incomes of farmers and other groups in our social structure. Whether or not this disparity actually exists when all factors are taken into consideration, is beside the point. Let's see what the farm programs have done to date to correct the situation.

The per capita income of farmers is presumably a fair basis on which to judge. It was at a low level in 1933 and by 1937 the farmer was receiving a little better than parity income, 101%. In 1938, he slipped back to 87%; in 1939, to 82% and

in 1940, only 77%. Thus, with all the effort put forth by our Federal Government during the '30's to improve the position of the farmer, his income was favorable only during the general rise in the national income ending in 1937 and with the recession in business conditions, the farmer's position slipped back in the following years and only improved again when the war again boosted the nation's returns. In other words, billions of dollars were spent in direct subsidies and price supports for agriculture, but in the last of the prewar years, agriculture was still depressed while Congress and the Administration were floundering in attempts to provide further remedies.

The Federal Farm Board ended up with large supplies on its hands but the production control program of the New Deal was supposed to protect against this. What happened? The carry-over of cotton, wheat and corn was greater at the end of the prewar agricultural adjustment program than it was under Farm Board Administration. Farm prices averaged only 75% of parity during the 1930's, compared to 87% during the 1920's.

Was anything solved for the permanent good of agriculture? Farmers did receive some increase because of government subsidies. It is also true that the national debt increased and with it, the farmers' obligations along with other citizens.

That was the prewar history for what it may serve in these years of postwar adjustment. It seems to me that the question that farmers and other citizens must face is whether or not, on the basis of past history not only in the last few decades in this country, but in the earlier experience of nations that have tried and failed, we can expect by placing our fortunes in the hands of a few men headquartered in Washington, D.C. to more intelligently and efficiently bring production and marketing of our farm commodities into line with consumer needs.

If so, we are banking on those few men having the wisdom and political courage to grasp all of the economic and social forces and devise and carry out multitudinous programs to do a better job than would result from the interplay of the many minds of our producers and distributors on the farm and in the private channels of trade. It all gets around to the question of whether or not socialism, or if you choose to merely call it managed economy, can do a better job than the individual enterprise system.

Perhaps our farm people desire socialized agriculture. Possibly they believe that they will be happier and life will mean more to them if their cares are largely taken over by a beneficent government, and they are willing to sacrifice a large share of their freedom in order to have what they choose to call security.

I am not ready to believe that this is the case but rather that they are sometimes seeking and often expecting immediate benefits without recognizing the danger of longtime losses.

But even if our farmers are willing to sacrifice freedom for security, I hope they are smart enough to realize that it is easy to lose their freedom but that hoped-for security does not come with the sacrifice.

I have tried to point out in these remarks that in spite of all the tremendous efforts waged by this government, the economic machine has not been brought into perfect gear and there is good reason to believe that the managed economy which we have been attempting is more disturbing than helpful in the effort to maintain a more stable economy.

Certainly, as socialism more and more takes hold of government and the people, it reduces the percentage of productive workers; it removes much of the incentive for individual enterprise and it, of course, leads to dictatorship.

We have enough examples already in this country of how the dictator operates. There are altogether too many cases right now where Washington bureaucrats are telling our elected representatives—our Congressmen—what legislation they will and will not approve and are later flaunting the will of Congress by spending appropriated monies as they wish them spent, rather than as Congress intended.

The May 24 issue of the Congressional Daily quoted Secretary of the Interior Krug as saying that he had few amendments to make to the appropriation bill as approved by the House.

Our balanced government system has been heavily weighted in recent times on the administrative side and much of our legislation expresses the will of the bureaucrats rather than of our productive citizens. You remember that expression "the public servant"? There are still some folks on our federal payroll who regard themselves in such a capacity but how many? Very few. Too many regard themselves as charged with determining what is best for the American public.

Some farmers in this country are already feeling the high-hand of bureaucratic dictatorship in their operations. In the Coachella and San Joaquin Valleys federal reclamation funds are being dispensed in return for a sacrifice of certain rights and liberties which have long been dear to our Western irrigation farmers. Irrigation districts in San Joaquin Valley, hard pressed for immediate water needs, are being bludgeoned into signing contracts which take away their inherent water rights and put them in the position of dealing with a bureaucratically operated public utility, subject to no law except its own.

Should this process continue, we may expect to see, in not too many years, the water resources of the West controlled by the federal government, parceled out to farmers on the basis of the particular social philosophy of the bureaucratic administrators holding office. Control of our water supplies and our power development which that same bureau is repeatedly seeking and obtaining, means that they will be in a position to dictate the economic and social order of the West.

Another thought. Under social controls, our farmers can expect to be reduced more and more to a subsistence basis, for socialized government opposes large profits.

Some of the present day thinking on so-called socialized benefits for farmers are based on the idea that other folks are getting theirs so we should be getting our share. This is supposed to be a realistic approach but, in my opinion, it is just the

contrary. To begin with, as I have tried to point out, price supports and other parts of government managed economy have not accomplished the expected objectives. But, in addition, agriculture has for a number of years been a favored son in the halls of Congress. This may not always continue, in fact, there is good evidence that agriculture's influence is waning rather than strengthening. Labor represents a more potent lobbying force and this trend will probably be accentuated. The attitude of representatives of areas where labor is dominant was expressed by the member of Congress when he said: "The great State of Pennsylvania, which I represent, highly industrialized, with 10,000,000 people, is paying approximately 10 per cent of the federal taxes. The workers of Pennsylvania, who, by the sweat of their brows, are producing this (agricultural) tax money, are fed up on this type of spending."

I think the present oleomargarine vs butter battle is significant. True, this fight has pitted some elements of agriculture on the side of oleo against dairy producers but the big weight on the side of the margarine people comes from consumer interest, and now they are winning, whereas in years gone by the dairyman always came out on top.

Perhaps, too, in this connection, we should give some consideration to the fact that our national government has been on a deficit financing basis in sixteen out of the last eighteen years. Possibly we can and will continue to spend more than we take in. It seems more reasonable to believe that sometime along the way our legislators are going to balance the budget and do so less by raising taxes than by cutting expenditures. Perhaps farm subsidies will not share in these cuts. I wonder!

The point then is that the more agriculture places dependence upon government the greater is the chance for a mighty fall.

The proposal which we are discussing strikes at one of the fundamental principles of American Government. That is, whether or not Government will support the people or the people support the government. I think that history will record that in the first half of the twentieth century, our American people turned far away from the original principles which have made this nation great. In other words, we came to the crossroads and turned left.

An Agricultural leader of national repute has ably expressed the thoughts which I would like to convey to you.

"For eighteen centuries men struggled for the importance of the individual, for individual independence—for themselves—for their families—an independence both economic and personal—the right to own property—the sanctity of home—the sanctity of the person.

This was independence FROM government interference in their homes—protection FROM government in their ownership of property—sanctity against overlords of government (bureaucrats) in their persons.

They knew only too well that centralized government was, as Jefferson said 'the enemy of the people'.

To the greatest degree in all history, this independence was achieved at the turn of the century on this continent, in this country, through our Declaration of Independence and Constitution.

What are the causes which have changed this trend TOWARD individual liberty to a trend AWAY from individual liberty, until during the past twenty-five years it has become a rushing torrent, with every group—economic, social, religious,—hastening it onward by turning more and more to government for solution of their problems?

Are we as a nation so tired of the problems of independence that we are willing to throw our difficulties and responsibilities over to centralized government?

We may be too late. Perhaps the current toward centralized government is already too strong. But to admit now that it is and that we are too late is to fail to be ready to seize any opportunity which may come our way—an opportunity to help direct the course of our country to a return to a sound economy based upon less, rather than more control of individual and group activities by government and away from more centralization of power, with its regulation, regimentation, control of individual initiative, and its demand that every new idea emanate from some bureau, or at least to be approved by a bureau before being put into effect."

When the people clamor for the kind of government from which our forefathers fled, then we are repeating the experience of history and traveling on the downward part of the cycle, away from progress into stagnation and decay. It was away from highly centralized, dictatorial governments that the builders of this nation came to America. Let us not forget that it was the managed economy of England's Five-Year Plans in the West Indies, Acts prohibiting American colonists to ship wool, cotton, tobacco and other products to any market but England, and similar interference with production and trade, which drove the founders of our Country to revolt, not only from England but from the principles of government which it represented.

In those days they did not speak of subsidies but we all remember the term "bounties," which were simply subsidies under a different name. The New England merchants of the Colonies participated in receipt of some of these bounties but historians point to the regulations which followed as a prime cause of the American Revolution.

It was with a fresh memory of these experiences that they started this nation with principles of enterprise and freedom. It is retrogression and not progress when we seek to go back to those old forms of government, with subsidies, supports and controls.