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AGRICULTURAL PLANNING IN WAR AND IN PEACE

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In attempting to review our government's accomplishments in planning our war food economy, I am impressed by several facts which seem of outstanding importance. As in peace, so in war, our economy has been at its best and has performed near-miracles when it was put to the task of increasing production. It has operated much less satisfactorily whenever we had to get along with less. This strength and weakness must be recognized when we judge our success and failure in planning, because planning follows much the same pattern. Accompanied and to some extent guided by planning and favored by good weather, agricultural production reached record heights. High prices gave the signal for all-out production and six million farmers responded. Irrespective of such errors as Dr. Stine has discussed, particularly the blunder of over-discouraging hog production, planning for a coordinated enlarged production with the implement of price supports and ceilings has by and large been relatively successful.

Rationing of food, on the other hand, is still after years of experiments a hit-and-miss affair with endless violations and far too wide a margin for evasion and escape. Not only has the effort to establish some minimum of equality between farmers and urban consumers been consistently avoided, but wherever rations begin to pinch—that is, wherever they are really needed—vast black-market operations circumvent the law. Our controls over utilizing and storing agricultural products have been far more effective and better planned than has rationing, but still we bungle and there is far too much slip in the machine.

In 1944 we released very essential foods from rationing. Although it was known that we would soon face serious shortages again, we were in a period of what I called at the time "consumer appeasement." Dr. Stine did not touch upon this contributing factor, in which we acted as if we had reached the time of food abundance. A major reason was, of course, that we had an election and assisted the public in its determination to continue the war effort unabated and without changing the political course by some temporary relaxation of rationing.

That we did not guard and eke out too short supplies and get along with less food as successfully as we produced more, should not be too great a cause for grief. It seems to me a truism that nations as well as individuals cannot excel in all virtues or abilities. Some nations with scanty resources have concentrated their energies and ingenuity on thrift more than on increasing the consumable goods, while others have placed a high priority on expansion. The United States leads in this latter group, and naturally is a weak competitor in the field of parsimony in goods. We must take this for granted, and should consider our comparative inefficiency in rationing

and scarcity controls as the price we pay for outstanding ability to overcome scarcity by creating abundance.

In defense of the public servants who are charged with the planning of our war food economy, I want to mention a serious handicap under which they have worked ever since the war began. Our military leaders have never let them in on the top secret of the expected duration of the war. It makes an immense difference, however, whether you have to plan food production for a two-year, a four-year, or a six-year war. It has been my impression in working for war agencies in Washington that it was our greatest error to underestimate the resourcefulness and the economic staying power of the enemy. As a result, our civilian planning was not properly oriented as to the time involved.

The worst handicap was not, however, lack of proper information from the top military leaders, but the badly built administration of our war economy. In agriculture and the food economy we could have planned and administered with far greater efficiency if the President had made the Secretary of Agriculture our War Food Administrator, and had delegated to him all the pricing and allocating power he needed. The dispersion of power among the War Food Administrator, the War Production Board, and the Office of Price Administration deprived all these agencies of the opportunity to do what was really necessary. A war food administrator who could not be trusted to withstand pressure from special interest groups was not worthy of the job anyhow.

This is as much comment as I want to make on the past. The more interesting question is, of course, what agricultural planning must accomplish in the years of what we hope will be real peace.

There can be little doubt that the reconversion of agriculture to tomorrow's peacetime demand will present the government and the farmers with much more knotty problems than did the conversion for war. Our agriculture has been over-expanded and needs adjustments which will be painful in any case. At present our economy runs with an injection of 50 billion dollars of new money a year into the system by the Treasury. As soon as the war with Japan is over, the public expenditure must be considerably tuned down. Whether private spending by individuals and enterprises will be able to pick up the full slack remains to be seen. I consider the promise of full employment for 60 million people far in excess of what can reasonably be expected.

During the initial postwar period, the threat of further inflation as well as of drastic deflation will be with us. Probably we will have a good deal of both—*inflation*, i.e., a rise in the general price level first, and *deflation* i.e., general price decline second.

Agriculture must adjust itself to a period in which only a somewhat smaller volume of production can be sold domestically, and in which agricultural exports can successfully meet the keenest competition in the world market. The peak of agricultural *net* profits was probably passed in

1944. Even if we should have 55 million people fully employed, it is most improbable that they will consume as much meat and many other higher-priced products at such prices as civilians plus armed forces have consumed in recent years. I doubt whether any soldier returned to civilian life will forgo many pleasant things he wants in order to buy the 365 pounds of meat a year the army procured for him. Certainly civilians will consume more than they now do of some foods, but the total domestic market will absorb less than it did during the war. In the export market the expiration of lend-lease will eliminate an important demand of recent years.

We will have serious problems in regional as well as commodity adjustments. The wheat belt, the cotton belt, and probably even the corn belt are in for years of difficult and painful adjustment. Wheat will sink into the feed trough, much cotton land will be forced into livestock or forest use, and the corn belt will have to adjust to a type of hog yielding less fat. Many other agriculture and commodity adjustments of lesser proportions will also be inevitable. Farm technology will cause many dislocations as well as pressure toward the maintenance of a high output. The industrial revolution on the farm is far from over. We will have still more tractors and fewer horses and mules, and thus more crop land. With low prices for nitrogen, much more of this powerful fertilizer will be used, as well as more phosphates, potash, and lime.

All these changes call for intelligent public planning which will assist the farmer without regimenting him or making a state employee out of him. We can succeed, provided that we shape sound economic policies and abandon the disastrous trend toward adopting policies which represent the exalted demands of all political pressure groups. The parity price policy of the last 12 years is a foolproof device for driving our agriculture on the rocks of complete maladjustment and dependence on huge subsidies.

It is my conviction that in planning for postwar years we must free the price mechanism and the market from public tampering, and shift our public support and planning to methods of insuring farm income by a low "stop-disaster floor," and to guiding production by affording better information to all parties in the market. I believe that we can combine income insurance and guidance of production by goals of output which are the basis for calculating the insurable income.