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Orville Lothrop Freeman

Addresses, Statements, etc. 1962

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Washington, January 2, 1962

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Jan. 2, 1962

Food and People Conference Called by Secretary Freeman Jan. 10:

Secretary of Agriculture Orville L. Freeman today announced a conference on Food and People in Washington, D.C., Jan. 10 "to discuss a crisis of abundance in American production of food and fiber and to develop means of making better use of this abundance."

In a letter of invitation to leaders in agriculture, business, industry, labor, civic and consumer groups, and others to attend the conference, Secretary Freeman said:

"Technological improvements on American farms are producing a super abundance of crops. Our ability to find domestic and foreign uses for this abundance is not keeping pace with the capacity of the American farmer to produce. This is our Number One problem, and we want to discuss it with you and solicit your views and your help

Secretary Freeman pointed out that the need for such a conference representing viewpoints of many groups is important "in view of the fact that President Kennedy will soon make his recommendations to Congress, not for just a farm program, but for a food and agriculture program for the 1960's."

All phases of production, distribution, and use of American farm products at home and abroad will be discussed at the conference opening at 10 a.m. here in the U. S. Department of Agriculture's Jefferson Auditorium . Registration will start at 9 a.m. The meeting is open to the public.

"We must have a comprehensive program that will maintain the strong, progressive agriculture that is so vital to every consumer, to the national economy, to the national strength and to peace in a free world," Secretary Freeman said.

"For that reason, we seek open discussion of the needs of family farmers, of consumers, of the needy, the aged, and the young, and of the underfed peoples of the newly-developing nations. We must develop practical means of stockpiling food and fiber for our own survival in time of emergency. We must move more and more of our abundance into international use, through expanded exports for dollars and through the Food for Peace program."

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I am greatly encouraged by your presence here today. This is a meeting I have been looking forward to for a long time. It is one of the most important held in these premises since I took over offices on the second floor, and I want to express my deep appreciation of your willingness to come here to counsel with me and with each other about a matter that demands and deserves the urgent attention and the best talents of us all.

That matter, as you know, is the state of agriculture's public relations -- the measure of recognition, acceptance and understanding given to agriculture by the remainder -- the vast majority -- of our society.

I, for one, believe that agriculture can receive -- and is entitled to receive -- greater recognition, more acceptance, wider understanding than it now receives. The fact that you are here today would seem to indicate that you feel the same way.

I believe we all agree that something can be done, and must be done, to create for American agriculture a climate of real understanding, real awareness, real confidence among the non-farm, urban, industrial areas of this country. Much has been done, more is being done, but still more is needed -- and we are here today to examine the problem and come up, if we can, with some answers that will work.

Address by Secretary of Agriculture Orville L. Freeman before the Advisory Committee on Public Relations, U.S. Department of Agriculture, Washington, D.C., Thursday, January 4, 1962, 9:00 a.m., EST.

As Secretary of Agriculture, this problem of agriculture's relations with the rest of our society is one that gives me great concern. Yet, as you know, my powers to deal with it are limited. The Department has no directive from the Congress to create a more favorable image of agriculture in America; it has no appropriations for that purpose; even if it had both mandate and money, I doubt that an agency of the Government, unassisted, could begin to do the job.

But I know there are institutions and organizations and individuals whose combined best efforts can do the job. Agriculture in modern America is more than an amorphous minority of people living on the land. It is a vast fabric of skillful farmers, farm organizations, small business concerns and giant industries, great communications net-works linking rural and urban America, thousands of small communities sustained by our farm economy.

The purpose of this meeting is to bring together the representatives of these institutions with a stake in agriculture's welfare to determine what they can do, working together, to articulate and communicate the case for agriculture. And I hope that your recommendations will suggest not only what can be done, or should be done, but how it can be done. We are well stocked with platitudes and good intentions. We can use some hard specifics.

Now, having said what I think the purpose of this meeting is, I want to make it clear what it is NOT. I do this because I do not want anybody here to misunderstand or misconstrue our objectives in proposing the creation of this committee.

(more)

First of all, let me assure you that this meeting is not concerned with the public relations of the Department of Agriculture as an institution. I admit that if some of the good public relations generated for agriculture as a result of your deliberations rubs off on the Department, we will not object. But we are not asking you to devote your time, your talents or your resources to a program on behalf of this bureaucracy.

Nor is it the purpose of this meeting to marshal support for the agricultural policies of this administration. We invite your support of those policies, of course, and I know that many of you, and the organizations you represent, will join with us to put them into practical effect. But I am also conscious of the fact that some of you individually -- and your organizations -- are not wholly in sympathy with all of the programs we have instituted thus far.

Yet I am confident that while some of us may differ as to method, we do not differ as to aim. We want a free, sound, prosperous, competent agriculture, structured in the tradition of independence and individual initiative that has made our farmers the most advanced and productive in the world.

The stark reality, however, is that we will not and cannot achieve this aim unless the people of the United States as a whole comprehend the direct relationship between that kind of agriculture and their welfare, their security and their future.

(more)

We are confronted then, with a problem of communication -- the problem of transmitting the facts about agriculture -- its people, their accomplishments, their problems, their contributions to our national life, their rightful place in our economy -- to an America which seems today to view the farmer at least with apathy and all too often with antagonism -- because it does not understand.

But understanding will not just grow, like Topsy. It must be encouraged and fed. And that, it seems to me, is the task that challenges this committee -- how to produce and translate and interpret the significant facts about their own agriculture to the people of this country. How well we meet that challenge will profoundly affect the opinions and the actions of the vast majority of Americans whose collective judgment, in the final analysis, will determine the nation's agricultural policy. It is not going too far to say that the future of agriculture in this country may well depend on our ability to create a climate of real comprehension in which these collective judgments will be soundly made.

Do the people of the United States really understand, for example, that the explosion of agricultural technology in this country holds forth, for the first time in all time, the promise that hunger can someday be banished from the earth?

Do our people really understand what it means to say that agricultural production in this country for the last ten years has outrun population -- and that the best projections of the experts are that it will go on outrunning population in the decade just ahead?

(more)

Do our people understand that agriculture has leaped from an economy of scarcity to an economy of plenty and that the essence of the farm problem is to find a way to manage our abundance without impairing the freedom, the initiative, or the economic opportunity of the producer?

Yet these are things America must understand -- and can understand, if we do the job we have set out upon here today. In this room is all the experience, all the talent, all the skill required to do that job successfully and well. We do not lack for human resources or resourcefulness; we do not lack for interest or drive. I feel certain that in this meeting we will find that we do not lack for a common purpose strong enough to join us all in a concerted effort toward a goal in which we all believe.

I would like you to feel that this is your meeting -- not mine. As I said in inviting you to serve on this committee, I feel that my office can properly perform the function of catalyst in bringing you together. I give you complete assurance that the research and information resources of the Department will be at your disposal to assist in every way they can.

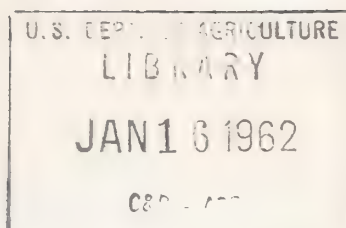
I am truly grateful for the interest you have shown in coming here and for the fine spirit of cooperation manifest in your willingness to assume the burdens of membership on this committee. This meeting has great promise. I am sure it will be fulfilled.

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THE POWER OF FOOD IN MANAGED ABUNDANCE

I have invited you here to help this administration and the American people learn how to effectively apply the great power of an abundance of food and fiber.

Perhaps at no time in the history of man has any nation faced so unique a challenge, for at no time in history has any people had to contend with the crisis of abundance. It is a challenge which two-thirds of the people of the world would gladly accept since they still must contend daily with the crisis of scarcity.

The productivity of American agriculture -- the ability of the American farmer to touch the earth and see an abundant harvest come -- has given us the power to free mankind from the specter of hunger and famine.

It is an enormous power. It is a power greater than that of atomic energy if it is used responsibly and wisely.

President Kennedy joins me in welcoming you, and in expressing appreciation for your willingness to join in meeting this challenge. Your presence demonstrates your concern that our abundance be made a lasting blessing for all mankind, and not a burden on the farmers who produce it, nor on the American taxpayer, and not a mirage to impoverished and often hungry millions abroad.

Address by Secretary of Agriculture Orville L. Freeman, Conference on Food and People, Thomas Jefferson Auditorium, U.S. Department of Agriculture, Wednesday, January 10, 1962, at 10:00 a.m. (EST).

First, let me make clear to you that I am defining the abundance of food and fiber as power with great care and with great seriousness. Food is power. The ability to produce it in huge quantities is huge power.

This is not said simply to impress you, or to suggest that we should use this power simply to impress a hungry world with our strength.

I say it to emphasize that when power is held, it is held with an enormous responsibility and we must act wisely in discharging it.

You have heard it said that the solution to the challenge of abundance is very simple -- there are millions of hungry people and we have the ability to produce almost limitless amounts of food. If we put the two together, our problem is solved.

May I assure you that it is one thing to talk like this and quite another to make this food available at home and in other lands to benefit these millions.

Since becoming Secretary, this question has been one of those uppermost in my mind. I have traveled throughout this country and I have visited over a dozen countries throughout the world to study this question.

I have concluded that the sharing of food and the techniques for producing it is an unexplored field in which the simple act of sharing may not fulfill the responsibility we as Americans have created for ourselves.

(more)

USDA 110-62

In the United States, only a relatively small number of people are unable to obtain the food they need for an adequate diet. Yet there are many who lack a balanced, nutritional diet. Thus the problems which remain will require substantial effort to insure that each person has an adequate, nutritious diet -- as I will relate in greater detail later.

In other nations around the world, especially in the developing nations which do not as yet grow enough food to feed their people, I found that food could be the greatest instrument for peace and freedom which we have yet developed.

Since the first substantial food sharing program began in the mid-1950's this country has distributed over \$9 billion dollars worth of food and fiber to people living throughout the world. This has had great impact, for to hungry people food in the stomach has meant more than missiles in the sky.

However, my observations in these countries have convinced me that it will require all the imagination and creativity which we have if we are to make better use of our food abundance.

There are serious obstacles to the efficient use of the food and fiber we seek to share. In many areas of the world, the lack of adequate transportation, storage and distribution facilities needs to be met before food can be made readily available. Traditional eating habits cause many people to be reluctant to use the food commodities which we grow here in greatest abundance.

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USDA 110-62

The disruption of traditional commercial relationships in many areas could well cause economic dislocation and even more hunger -- and possibly even revolution.

Thus it became clear to me that the United States would not meet its responsibility by starting on a world-wide food relief program. Rather, I am convinced that we must -- while using food for emergency needs and for relatively short term programs of integrated economic development -- concentrate our efforts to help the people of these developing nations help themselves. This is, in fact, the kind of help they want.

This must, of course, be done in a manner which does not allow waste or misuse of the food we share. Rather we must insure in every possible way that food gets to where it is needed at the time it is needed.

What I have said up to now are some of the basic thoughts which have guided the development of our present efforts to share both at home and abroad the food we have and to apply it in the best interests of this country to the task of securing world peace and freedom.

Let me now report to you the start we have made over the past year to meet the crisis of abundance and the challenge of using the power of American agriculture. And while I do this, I hope you will consider how these programs can be improved and where new programs can be developed to make better use of this abundance.

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USDA 110-62

In connection with the Food for Peace program and our international trade program in agricultural commodities, Charles Murphy, Under Secretary of Agriculture, and George McGovern, Director of the Food for Peace program, will discuss these more specifically this afternoon.

I shall attempt here to summarize for you what has been done both at home and abroad as we move towards those programs which will strengthen agriculture and maintain the enormous power which it gives us.

First, more food is being used today by more Americans.

Almost 1.7 billion pounds of food were made available in calendar year 1961 to about 23 million Americans -- school children, needy families, persons in institutions, and those living in areas where natural disasters struck.

In December 1960, about 3.7 million needy persons were receiving flour, cornmeal, dry milk, and lard donated by the Department of Agriculture. Today more than 6.2 million needy are receiving donated foods. Their diet is better. Protein items such as peanut butter and canned meat have been added.

We launched in 8 areas an experimental food stamp plan. About 140,000 needy persons are participating. On the average, recipients are paying \$63 for every \$100 worth of coupons received. They may buy any food item except alcoholic beverages, coffee, tea, cocoa as such, and foods clearly identified on the package as imported.

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Food purchases of families participating in the stamp program are about one-third higher. Eighty percent of their increased food expenditure is for animal products, fruits, and vegetables. They now have a better, more varied and healthier diet than before.

An all-time record of more than 14 million children are eating nutritionally balanced school lunches and creating an ever-growing local market for farm foods. One of every three elementary and high school pupils is eating a well-balanced noon meal at school under this program.

The school lunch program is a billion dollar operation -- the largest single food service industry in the nation. Yet the Federal contribution will be less than \$280 million this school year.

But there are schools unable to finance a food service. On a trial basis, the national school lunch program is being extended to some of them this month.

For this first time, nearly 21,000 children in about 220 needy schools will be receiving complete, nutritious lunches at school. Most of the experimental projects are in Kentucky, West Virginia, Pennsylvania, and nearby States.

Under the expanded special milk program, about 1-1/4 billion pints of milk will be consumed by youngsters in more than 85,000 schools and institutions. This represents more than 2 percent of all fluid milk consumed by the nonfarm population. It is in addition to more than 1.1 billion pints of milk consumed as part of the national school lunch program.

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Second, more food and fiber are going abroad.

Agricultural exports rose to all-time highs in value and volume last fiscal year. The export total was a record-breaking \$4.9 billion. During the calendar year 1961, the total will be more than \$5 billion. This happened because Department of Agriculture services to exporters were strengthened and more of our abundance was shared through Food for Peace.

This year, for example, the Department sponsored the first food trade fair of American food and agricultural products exclusively in Hamburg, Germany, and received an enthusiastic response. More than 150 food manufacturers furnished over 1,500 products for the show.

In recent years, the trade promotion program carried on by the Department in cooperation with domestic producers and exporters and with many trade associations has produced dramatic results.

In the past five years, for example, exports of poultry to Europe have increased 127 percent. Soybean exports during the same period have tripled because of a strong promotional program in Europe and Japan -- and we are now moving into South America. Rice exports have shown a ten-fold increase in Europe. Tobacco exports to Japan have more than doubled.

Under an accelerated Food for Peace program, our agricultural supplies are reinforcing more strongly the free world's strength and advancement.

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President Kennedy sought and obtained from the Congress authorization to increase the programming of Food for Peace supplies by \$2 billion in 1961. He also obtained a 3-year extension of the basic authority through 1964. This permits us to plan our supply programs better and recipient countries to use our farm commodities more effectively in support of their economic development programs.

During 1961, Food for Peace programming (for shipment over a period of years) attained the highest value in history -- \$4.3 billion. Agreements signed to sell our farm products for foreign currencies also set a new record -- \$3.5 billion. This will show up in increased export movement of American agricultural products to the newly developing countries.

This Administration also has broadened the range of American farm products being made available under Food for Peace. This year 400 million pounds of vegetable oils, so sorely needed to improve diets abroad, are being made available under our foreign relief program. The broad range of products moving under the program includes wheat and wheat flour, feed grains, rice, cotton, tobacco, dairy products, dry edible beans, poultry and meats, fruits and vegetables, and fats and oils.

The school lunch program, so successful in this country, has been tested abroad and is being expanded.

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New long-term export credit measures are giving other countries new opportunities to buy American farm products.

We are working more closely with private agencies in the food aid programs they are carrying out cooperatively in 106 countries.

Third, we know more about protecting food production and food supplies from the effects of nuclear attack.

The Department set up a field organization for advance planning to offset the effects of a nuclear attack, and to handle special agricultural duties afterwards. We are helping farmers to prepare to protect their families, crops, and livestock from attack, and from post-attack fallout and fires.

We developed a whole-grain wheat wafer for stockpiling in fallout shelters, and started a pilot plant for removing strontium-90 from milk.

These, then, are many of the programs on both domestic and international levels which have been developed and expanded to begin using food and the power it contains for beneficial purposes. To more fully understand this crisis of abundance, this challenge of using its power, I would like to direct your attention for a few moments to a consideration of just where this abundance comes from.

In terms of the statistics of the agricultural economy, the source of this abundance is not hard to describe. It is basically the product of a vast revolution in agricultural productivity brought on by the impact of science and technology.

One man hour of work in agriculture today produces double what it did in 1950. During the last decade we have seen an increase in farm output of approximately 2.5 percent per year, while we have had a population increase of approximately 1.7 percent per year.

There is little question in the minds of the experts on this relationship that technology and output will continue to expand at a faster rate than our population during the next 10 years just as it has in the past 10 years.

For another way to view this explosion of agricultural productivity, consider that output per worker in agriculture during the last 10 years has increased 6.2 percent annually while in non-agricultural industries output has increased 2.9 percent each year.

It might be interesting to those of you who are not so familiar with the details of our agricultural economy to look at the supply situation of two important commodities -- wheat and milk.

Last July 1, before harvest of the 1961 crop, the wheat carry-over was 1.41 billion bushels -- more than a full year's supply for all purposes. In 1952, the carry-over was less than 400 million bushels. It illustrates the impact of the production explosion.

The situation in dairying is compounded by the fact that the public consumed less milk last year than it did the year before, and all the while milk production was increasing.

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Overall, consumption of milk decreased some two to three billion pounds -- a surprising reversal in the normal trend of consumption which was totally unexpected and which no person can explain with any degree of certainty.

What is certain, however, is that per capita consumption is drifting downward, and it complicates a situation in an industry already substantially affected by the agricultural revolution.

In the five year period between 1954 and 1959, for example, the number of dairy farms decreased almost 40 percent while the average number of dairy cows per farm increased a third -- and each one of those cows produced on the average 20 percent more.

Perhaps you can begin to appreciate some of the hard cost facts of an incredible American revolution in agriculture. Its meaning is quite clear:

Given every practical means we know for using our food abundance efficiently and effectively, we will for the foreseeable future be able to produce at a faster rate than this food can be put to effective use. Actually, every knowledgeable person with whom I have discussed this challenge -- including leaders of both political parties in the Congress -- agrees that for sometime ahead, 10 years at a minimum, our ability to produce will grow faster than our capacity to consume.

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We have studied this problem intensively in the Department for almost a year. If the conclusion is true -- and, as I say, every knowledgeable authority in agriculture is in agreement with it -- then the United States will continue to accumulate substantial supplies of food and fiber unless a thoroughly coordinated program to balance supply with effective commercial and concessional demand is developed.

You have not been called here to discuss the problems of developing such a coordinated program, but you should be familiar with such efforts since the proposal to secure more efficient and effective food uses are vital to any over-all agricultural program.

The use of food to serve people is one of the basic elements of agricultural policy -- what we might describe as a triangular program involving food abundance, commodity management and conservation of resources. Each phase of such a triangular policy is equally dependent upon the others.

With abundance, we are called upon to search exhaustively for every realistic and practical means of using food and fiber as we seek to strike as perfect a relationship as possible between production and use.

Through conservation, we are charged with finding the most practical and efficient use of both human and physical resources in agriculture. The goal we seek is to provide adequate food for all, to conserve soil and water, to provide recreational resources and to insure that land resources are used and will not be idle.

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The task which you have willingly assumed deals with abundance and the use of the power it creates. Next week another group of Americans will meet here to discuss the challenge of resources at a National Conference on Land and People.

It is my hope that from these meetings will come stimulating and creative ideas and suggestions for using the power of food effectively and wisely. I hope, too, that you will take with you a broader understanding of the achievements of American agriculture, of its place in the national economy and of its role in American leadership in the world.

Thank you, once again, for accepting my invitation to meet here to help solve the crisis of abundance. We are working together for the best interests of 185 million Americans and the free world as we attempt to harness the vital power given us by American farmers -- the power to banish the specter of hunger and famine.

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ASE 1- FREEMAN, ORVILLE L.
The major emphasis on improved production techniques which has dominated agriculture's Extension Service must expand to give equal attention to social and economic changes in rural America, Secretary of Agriculture Orville L. Freeman said today.

"Many Extension leaders recognize today that Extension Service has been far more effective in developing and spreading improved production techniques than in assisting the adjustment of agriculture to the accompanying social and economic changes," the Secretary said.

He spoke at the annual conference in Washington, D.C. of the Federal Extension Service.

"The belief has been that a constantly increasing level of productivity and efficiency will bring the farmer an income adequate to compensate him for his labor, managerial skill and to repay the investment in land, equipment and such items as fertilizer.

"The experience of the past decade, a period when the productive efficiency of the farmer increased at a revolutionary pace, has shown that this belief is naive if not unfair to the farmer.

"Time has shown the result of increasing efficiency in agriculture is, logically, that the benefits of scientific and technological advances pass through the farmer to the general public.

Address by Secretary of Agriculture Orville L. Freeman before Annual Conference of the Federal Extension Service, Freer Art Gallery, Washington, D.C., Wednesday, January 10, 1962, 4:00 p.m., EST.



"This aspect of agriculture is not to be lamented, for the production of adequate food and fiber at reasonable prices for the American people is the true goal of all the factors which have made the American farmer the most productive man of the soil in the history of the world.

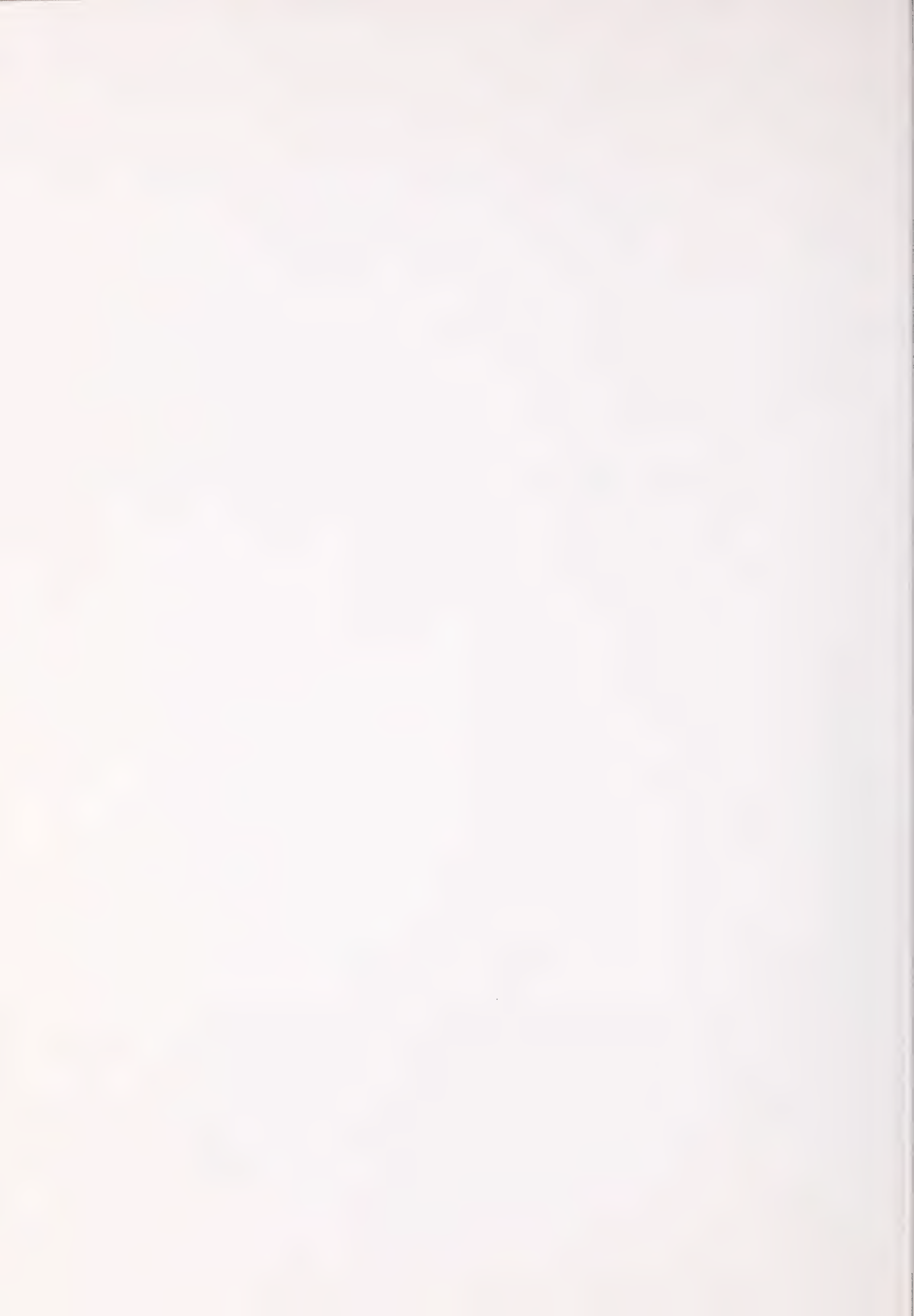
"This is the only public policy which could be followed, for the cost of research, the land grant college system, the extension service and all aspects of the Department of Agriculture have been and are an investment by the public of its funds to maximize the public well being.

"But, in the same light, it has never been public policy to expect the farmer or the rural economy to produce without adequate compensation the food and fiber which has contributed so substantially to our high standard of living."

"It is this long neglected area of public policy towards which we are now directing our attention. It does not mean that we intend to de-emphasize the continuing need for increased efficiency and productivity. Attention to these needs should continue as strongly as before, but only in perspective to the enlarging emphasis on public policy designed to strengthen the agricultural economy and to insure that it can continue to put new technology into practice for the benefits of all Americans.

"Through this enlargement of emphasis, we are seeking to update agricultural policies and programs as they affect the farmer. In effect, we seek to begin bridging the gap between conditions as they exist today and the public policy which has not changed as conditions have changed.

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"There is an urgent need for economic, social and structural readjustments in agriculture -- a need which cannot be met by merely shoring up prices and incomes from year to year. And the Extension Service at the federal and state levels can play a vital and important role.

"The role of Extension in a Food and Agricultural program of the 1960's has been the subject of much thought by those in Extension. I want to direct my remarks to that topic, but first let me outline in brief the direction of that program as the Administration views it, including some of its general parts.

"It is obvious, or should be so, that neither the Congress or the people will continue to support programs which require increasingly larger expenditures which result only in increasingly larger accumulations of commodities.

"It is equally obvious that the productivity of the American farmer is going to increase tomorrow just as it did yesterday. We are just beginning the era of the Agricultural Revolution, and both science and technology have many surprises to show us.

"Under these circumstances, there are perhaps three alternatives which the American people have to choose from. There can be, as some persons have suggested, a complete elimination of all programs in order that farm prices could seek their own level in the market place.

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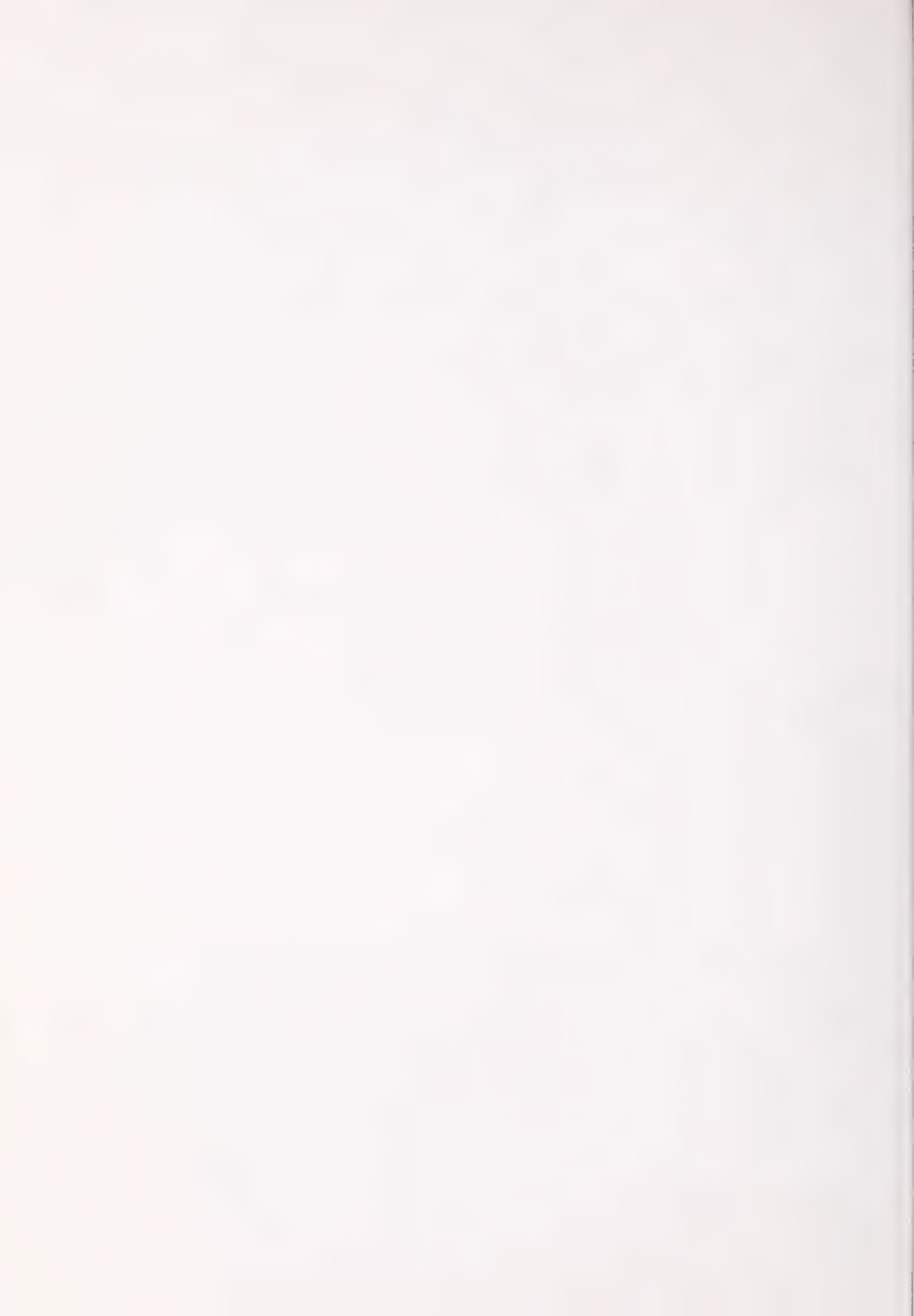
"Given the massive productive capacity of agriculture today, prices would not seek a level; they would sink within a very short period of time to a level of more than a third below where they currently rest. Farm income would drop even further.

"This would entail a vast waste of capital during the brief, fierce struggle for survival among farmers, and the loss of resources in terms of people, communities and land would be severe. It is difficult to imagine how anyone can consciously advocate such a course of economic disruption, institutional destruction and human suffering. It will achieve an adjustment, but the price would be higher than anyone willingly will pay.

"The second alternative is one which I have already discussed very briefly. We can continue the programs in vogue during the 1950's which allowed unlimited production with a guaranteed price support. The fact that our current efforts to live with an abundantly productive agriculture are complicated by massive carryovers of commodities, grain in particular, speaks for itself. The public will not continue to pay the price of such programs without achieving better results in reducing the current surplus and providing long term tax savings.

"The third alternative is to develop policies of managing the abundant potential of agriculture, combining this approach with programs to first expand domestic and international uses for food and fiber and, second, to develop the most practical and efficient use for land and water resources.

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"Its aim would be to preserve and strengthen the family owned and operated farming system we have perfected as the most efficiently productive agricultural unit known to man. In essence, this is the primary goal for, by doing this, we insure that the benefits of science in agriculture will continue to be used to the advantage of the public.

"There has never yet been presented to the Congress or to the people of this country a complete and comprehensive program for a food and agriculture policy to do this. In the past, as the approaching crisis of abundance affected first one commodity and one area and then another, public policy was developed to deal with one or several commodities.

"It is clear that the crisis of abundance is at hand. We can, with relatively little effort, substantially increase the amount of any given commodity. It has been estimated, for example, that we can produce all the food and fiber we need in 1980 on 50 million fewer acres of land than now are in production.

"It is time then that we develop a clear, over-all program which views agriculture as it exists today and which projects for its need over the long haul as a complete and integrated whole.

"This administration intends to present such a program of food and agriculture to the Congress. It is, in general, a triangular program, each side of the triangle equally as important as the others and each dependent on the others.

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"One side of the triangle is the program to develop the most practical and efficient use of land resources. Its goal is to provide adequate food for all, to conserve soil and water, to provide recreational resources and to insure that land resources are used and will not lay idle.

"We will hold a National Conference on Land and People here at the Department to discuss and study this general area which includes the Rural Area Development program, building adequate family farms, retraining programs for rural areas and other projects designed to expand prosperity in the rural economy.

"The second side of the Food and Agriculture program emphasizes food and its uses, both in an affluent society and in a world which cannot satisfy its food needs.

"A second national conference, this one on Food and People, has been held in the Department to discuss how we can expand domestic and international uses for food and fiber. There currently are underway vastly expanded programs at home -- direct distribution of food, the food certificate program, school lunch -- and abroad -- Food for Peace and the food distribution programs of private and public agencies -- to increase the use of food where it serves a constructive purpose.

"There also will be continued emphasis on the development and expansion of international markets for American food and fiber, recognizing that the current level of exports will require constant attention to maintain it while we seek to promote its growth.

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"The third side of the triangle is the program for commodity management. Even before the last session of the Congress ended, the Department had begun an exhaustive series of meetings with various commodity groups, and these meetings have continued on through into the new year as we seek to consult and advise with as wide a cross-section of producers and processors as possible in developing individual commodity programs. I doubt that any program which has been presented to the Congress has been conceived with as broad consultation as the one the administration will propose this year.

"It should be so, for at no time has agriculture or the farmer stood at such an important crossroad. Given the most optimistic conditions to achieve the desired result under the programs for land and food use, we must accept the blunt fact that American agriculture will produce for the foreseeable future more food and fiber than can be efficiently and effectively used.

"In this general re-orientation of agricultural policy, where, you ask, does the Federal Extension Service -- the Cooperative Extension Service -- fit in? What is its role?

"First, if Extension is to continue in its historic role as the educational arm, then obviously it will assume much broader responsibility than it has in the past.

"Cooperative Extension has primarily been a program of continuing education, but education directed at helping people solve specific problems

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or adjust to immediate circumstances. I think it is clear that the problems of agriculture cannot be met by continued emphasis on increased productivity, so the role of Extension will become more multiple purpose than has been the case.

"There will be those inside and out of extension who will criticize you for looking to new horizons, but I submit that neither you, nor I, nor anyone honestly concerned with agriculture can avoid this challenge. Some would prefer to avoid it because it deals with controversial matters, because it relates to the formulation of public policy, because it deals with matters than cannot be proved or disproved by chemical analysis or controlled experiments.

"You cannot avoid the challenge. It deals with the welfare of human beings, with the future of our resources and our children, with principles and ideals relating to human dignity, and with values we regard as vitally important.

"We cannot allow machines to displace men, either in agriculture or industry, without providing those men with the opportunity to find and qualify for other employment.

"We cannot allow most of our ablest young farmers to be forced out of agriculture -- the one industry absolutely essential to human survival -- because farming offers economic incentives so much lower than other occupations.

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"Nor can we allow such trends as the increased need for capital and credit in farming to jeopardize the continued existence of our owner-operated family farm system.

"We know that answers formulated by experts and farm leaders will not be enough. Research for increased productivity was not enough. The knowledge and techniques developed by experts and engineers had to be brought to the farmer himself. Programs to update the whole of agriculture can be assisted by experts, but they cannot be adopted by them.

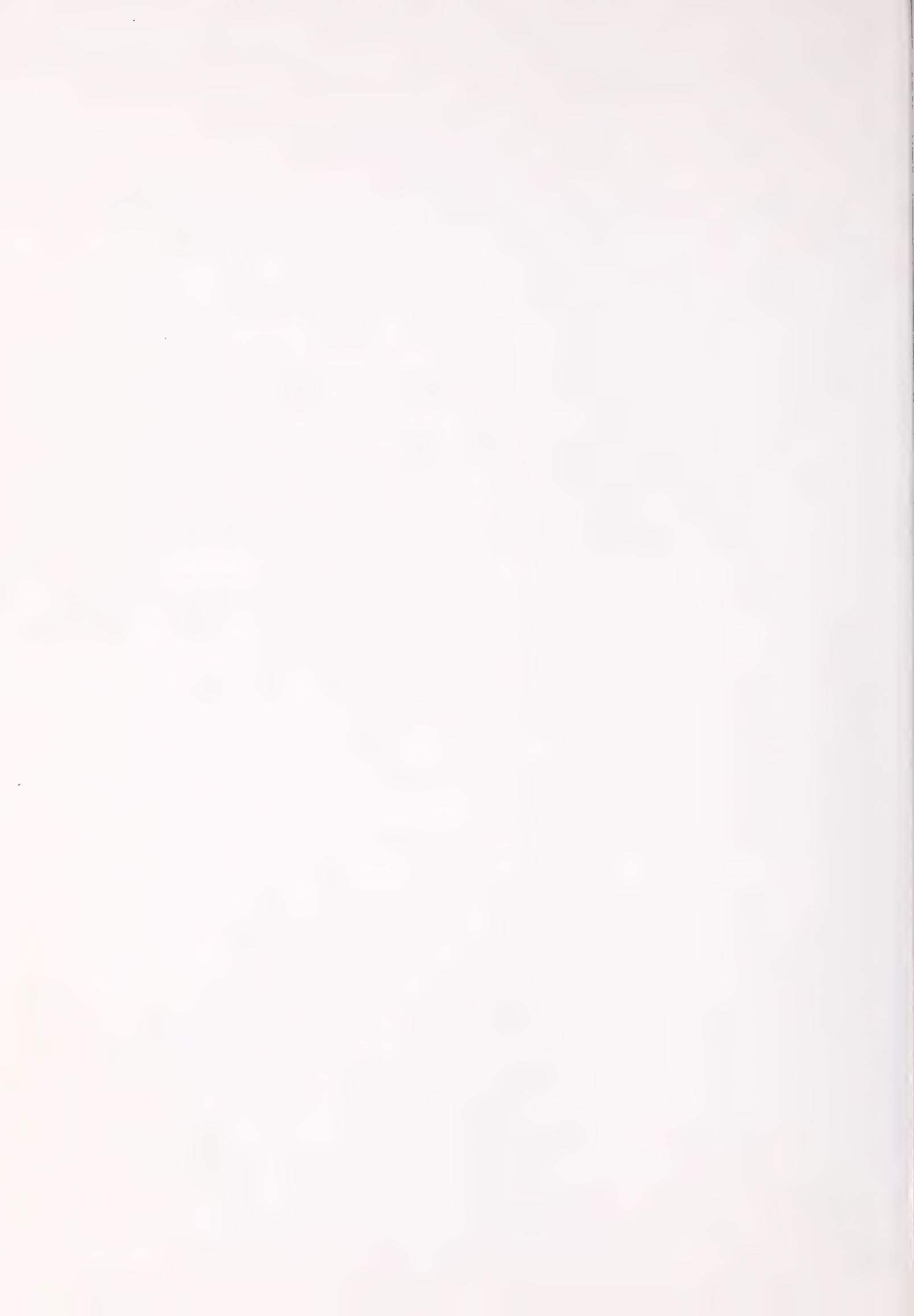
"Thus, one of the biggest tasks ahead will be one of education, of public discussion, of arriving at sound decisions on policy in a democratic manner through participation by farmers, and by the non-farm public as well.

"This is one of the prime roles of extension in a food and agriculture program of the 1960's. Extension will need to expand its techniques of education in problem-solving to a wider audience. Consumers need to understand that progress from research benefits them more than it does the farmer. The public needs to understand farm problems more thoroughly, particularly in their relation of these problems to the nation's economy.

"Extension Service has contributed greatly to the progress of agriculture during the past 50 years, and I am confident that it can in the decade ahead contribute as much to the need for decision making. It must if it is to continue to hold its rightful place in American life.

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"Another prime role of extension in the decade ahead also involves an expansion of its education function as this relates to the organization and the activities of the Rural Area Development program.

"In addition to seeking broader public understanding of the need for resource adjustments in agriculture, Extension will be called upon to direct attention in the rural community to the need for social and economic progress.

"This effort will include such programs as are necessary to help rural areas make complete and efficient use of human and physical resources to increase family income and the general level of living. It will affect such things as community services, helping young people to get a good education to prepare for the occupation or profession they wish to follow, developing adult education programs so people who cannot find full employment in agriculture -- and who seek other ways to earn their livelihood -- can get special training.

"Extension has been given a most responsible role in providing the organizational leadership for the RAD program on the local county and area level. It means that you will be responsible for bringing the vast resources of the Department, the agencies of state governments and the Land Grant colleges to the assistance of the rural community.

"I cannot overestimate the importance of the RAD program. This administration will not tolerate any program which seeks to drive people off

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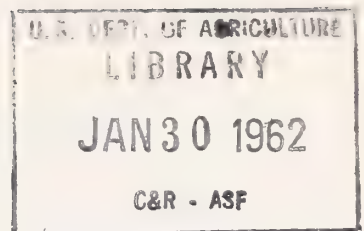
the land. Rather, we seek to preserve the many values of rural life for those who live in rural areas and for the nation as a whole. But the chance to earn a decent American standard of living is the right of every citizen, and where the resources of a community are so limited as to make this virtually impossible we will seek to strengthen those resources.

"I am pleased to see that the Federal Extension Service is beginning to meet this challenge of total economic development, and that there is recognition it will require considerable re-orientation of thinking, organization and emphasis.

"Extension deserves the praise of every American for the job it has done in helping agriculture and the American farmer to achieve the phenomenal record of productive success. It now has a much greater opportunity for service in the search for social and economic progress in the rural community.

"The need is clear, and I urge you to begin without delay."

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RURAL RESOURCES IN THE 1960'S

Each of you is here today to discuss what could be summed up in one deceptively simple question: How should public policy be designed to encourage the maximum effective use of resources in rural America to serve all Americans?

I wish to emphasize that this is a deceptive question because it involves a vast number of complex factors, all related to one another.

It involves the continued ability of the American farmer to produce food and fiber in an abundance such as the world has never before seen, more than we can effectively use; and it involves the enormous power which this abundance gives to the American people.

It involves basic moral and human values as well as economic opportunities -- of making it possible for people who live on the land to stay there by moving resources to people rather than moving people to urban centers.

It involves the continuing need to conserve the soil and to speed the efforts to provide clean water.

It involves the growing gap of adequate recreational resources -- the need for open green spaces to remind us of the eternal eloquence of nature.

It involves the desire to use land which now produces crops already in large surplus for other productive purposes rather than to have it lay idle.

An address by Secretary of Agriculture Orville L. Freeman, prepared for delivery at the National Conference on Land and People, Jefferson Auditorium, U. S. Department of Agriculture, Washington, D. C. at 10 a.m. Monday January 15, 1962.

It involves the mutual responsibility of each of us to develop and conserve the resources of land and people so that both work for the maximum benefit of each other.

I welcome you, then, to this national conference on land and people, and I wish to express my pleasure and that of President Kennedy for your willingness to consider one of the most important challenges which the American people will be called on to meet in this decade of the 1960's.

The responsibility of the Department of Agriculture in the field of land and water resources is large. Some three-fourths of the Nation's land area is in private ownership, principally agricultural or forest land. Equally significant, the Nation's water yield comes from watersheds which are predominantly agricultural lands or are in the National Forests.

This Department, accordingly, has a major responsibility for cooperative programs with the States and their local subdivisions, and with owners and operators, to bring about the conservation, development and wise management of soil, water, grass, forest, and wildlife habitat of these private lands. In addition, the Department administers a multiple-purpose resource management program on the National Forests and Grasslands covering 186,000,000 acres of land stretching from the Atlantic to the Pacific.

Mindful of that heavy responsibility, several months ago I appointed a Land and Water Policy Committee in the Department to appraise our present and prospective land and water resource situation, together with our future productive capacity and needs, to analyze the implications of their findings on Department policies, and to prepare program recommendations.

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The result of this effort will be outlined in subsequent presentations by members of my staff. A copy of the Committee report has been put in your hands. This study was based upon the years of research, surveys, and program experience of the Department and its cooperators, including an inventory of conservation needs that was made by some 30,000 people in the 3,000 counties under the leadership of the Department of Agriculture. Thus a broad cross-section of interests and many years of experience has entered into the judgment on the potentials of our land and water resources, their use, conservation, and development.

While this resource review was being made, I had occasion to go abroad to study agricultural problems in a number of the countries of Southeast Asia and the Middle East. That trip was illuminating in many ways. But, in particular, it helped very much to clarify and confirm some of my own understanding and convictions about problems and needs in our own country.

I returned from my visit to these developing countries with a better perception of why no nation can expect to progress beyond a subsistence economy unless it makes efficient use and has increasing productivity of its natural resources. We are fortunate in the United States to have so ample a supply of land, water, and forest resources -- vital national assets. How we conserve, develop, and manage these natural resources has an important effect on our economic growth, on the strength of our Nation, and on the long-run status of our Nation in world affairs.

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Land was a principal ingredient in the fascinating story of the making of this Nation. It was the bright hope and the promise of opportunity that brought millions of immigrants to our shores. It was the dream that pulled people westward to conquer a wilderness, to the Mississippi, across the Plains and the western mountains. Land was freely distributed under the Homestead Act, the one hundredth anniversary of which we are commemorating this year. All at once seemingly, the land was settled.

In a relatively short time, thanks largely to the land, the United States became the fourth largest nation in the world in terms of population, supplying one-fifth of all the farm products that move in world trade.

While there was still new and undeveloped land and unused water, we were not much concerned with questions of orderly development and proper use. We exploited the land cruelly and with little regard for the needs of the generations to come.

By the time the frontier of new land and opportunity had largely ceased to exist, voices began to be heard which spoke insistently for a new concept of land use -- conservation. These were great men -- Theodore Roosevelt, Gifford Pinchot and Hugh Bennett.

They spoke for millions who insisted that the land and water were priceless assets. They were called visionaries, and their words were as often laughed at as listened to. But the scars of erosion, destructive floods and dust storms convinced the American people that a new program was called for.

While there is much in this area which still remains to be done, there has been a tremendous advance forward. National Forests and National Parks today protect millions of acres of timber and range land while at the same time they provide realistic management of these resources. There are

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today more than 3,000 conservation districts in the country providing stewardship for privately owned land and water. Conservation is a byword among rural and city people alike.

Thus, land use policy in this country has undergone one dramatic and far reaching change. There is strong evidence accumulating that the social and economic changes which are occurring in rural America today are signalling a third momentous change in the nation's land use policies.

The technological revolution in agriculture has placed us in a position where we are producing and can produce for the foreseeable future more food and fiber than we can effectively use.

Output per worker in agriculture during the last decade has increased at an annual rate of 6.2 percent per year, compared to 2.9 percent in non-agricultural industries.

Agricultural output per man-hour has doubled since 1950. It is firmly predicted that technology and output will out-race our population in the next 10 years as it has in the last 10.

Some recent studies estimate that by 1980, when we expect our population to have grown to around 250 million people, we will be able to produce the food and fiber for all domestic and international needs on about 50 million fewer acres than we have in production today.

We have been unable, in the past decade, to find a satisfactory solution to these new challenges which will begin to guide national policy into new techniques of land use management. In the past, land has been moved in and

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out of agricultural production by various devices -- the soil bank, acreage reserve, acreage allotments, retirement to conserving uses.

Emergency programs, such as the Feed Grain Program, have been developed because experience has shown that it is cheaper to divert land from production than to acquire a surplus after it has been produced. But this is not the final answer. It leaves unanswered the question of how we are to obtain the greatest benefit from land and water resources for all the people.

While we still seek an answer to that question, there is today a clearer understanding of the problem than ever before. The agricultural revolution has brought us face to face with what I consider three basic questions affecting land resources:

First, there is good land which is producing crops that we cannot use effectively, thus adding to our surplus problem. About 40 percent of our farms today produce 87 percent of the total agricultural output. If adjustments in production are to be made, we will need to find ways to make better use of some of this land. What should we do about this?

Second, there is a rapidly developing appetite for recreational resources, and there is general concensus on the need for more open space -- green areas -- in the growing sprawl of urban areas. This relates to the need for developing alternate land uses. What should we do about this question?

Third, there is the equivalent of 1,400,000 underemployed persons in the rural economy. Over half the people in this country who live in poverty are located in rural areas. Almost 60 percent of the Nation's farms produce

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only about 13 percent of the agricultural output. These are not generally considered productive farm land. We need to bring new resources into rural areas to begin providing new economic opportunity for these people. What should we do about this?

As I have indicated, we have made studies and we have reviewed each area thoroughly, but we are candid to admit that we do not have all the answers. That is why we have called you here to discuss these problems affecting land, water and people as a part of a total food and agricultural program. We ask your help, and we are eager to have your ideas and suggestions both to improve existing programs on land and water and people -- and to develop entirely new approaches.

Keep uppermost in your mind while you listen and discuss these ideas and programs that this is not a conference to discuss techniques of conservation. You are asked to explore a new dimension of land use policy which arises because this nation is facing a totally new question: What new uses can be developed for good, productive land which is producing crops which already are in excess supply?

As you discuss the elements of a long range policy for developing other productive uses for agricultural lands, keep these considerations in mind:

*Every American wants to see the land used efficiently and effectively. Our national purpose is to use resources; it is not to have land lay idle. Our purpose is to insure most effective use of the land, based on particular conditions affecting each area.

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If we are convinced that we are using our agricultural abundance to the maximum effective level for people in this country and in other nations around the world, then to use the land to produce beyond our total need is not the most economical application of this valuable resource. It does not serve the national interest, nor does it satisfy the qualification that this land be put to maximum effective use.

*When we talk about land adjustment as a means of balancing production of certain crops with effective use, we are talking about land and crops from which farm families are making a living. And in recent years, not very much of a living in comparison to the non-agricultural sector.

*These people live close to the soil, and have a greater love for it than most Americans. They want to stay. They want to be near the land their fathers and grandfathers farmed. Their roots are deeply attached to the rural community where their children go to the same school they attended, and where they go to the church their great grandfather helped to build.

*These people are not likely, and should not be asked, to sacrifice immediate income until alternative sources of income or new income opportunities are found to compensate for reductions that will take place if land goes out of farming.

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*We also will need to maintain some good cropland in a ready reserve status so that it can be quickly called back into production in event of an emergency. This land should be that which is best suited for efficient cropping.

With these points in mind, I want to describe to you some of the proposals which have been made by many people who are concerned with the challenge of exploring this new dimension in land use policy. These proposals are directed principally at the need for new and alternative uses for good crop lands. While much of what has been proposed will apply equally as well to land which is less productive, the concern with these acres is centered more on finding increased economic opportunity for those who now farm this land. While there are some 2.2 million farmers on the less productive land, they account for only 13 percent of the total agricultural output. They contribute only slightly to the problem of excess production.

The major proposals for putting land to more effective use are those which seek to encourage greater recreational opportunities for a rapidly growing urban society.

There is much evidence today that we are beginning to achieve a more active and effective partnership between rural and urban interests in the planning for urban growth, for open green spaces needed for recreation and for other land consuming uses which a swiftly changing and rapidly growing nation will require.

I am sure that you will hear much more on this subject from Gov. Gaylord Nelson of Wisconsin. As a dynamic and imaginative chief executive

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of a state which is grappling with many problems relating to land and people, he is forging a name as a leader in resource development.

It is, I think, reasonable that a more effective partnership be made between Federal and state governments and private sources in this area of resource development, particularly in terms of providing to the states more financial assistance to stimulate planning and organization at the state level. This approach is contained in the legislation now before the Congress proposing river basin planning and development.

This approach also has been followed in the development of the plan for a continent-spanning system of parks, campgrounds and recreation sites along the Mississippi river. This plan, which has been endorsed and supported by those states through which the Mississippi flows, envisages a system of freeways running from Minnesota in the north to Louisiana in the south. Described as the Great River Road parkway, it would provide enormous recreational resources within easy reach of more than two-thirds of the people of this country. Other such interstate proposals could be developed.

We know also that the Nation's private lands hold a major potential for wildlife conservation and production for hunting and fishing and for many other forms of recreation. Is not this the time to take a closer look at wildlife habitat development and recreation as desirable and profitable alternative uses for land now dedicated exclusively to crop production?

There is special need for outdoor recreation within easy access from urban centers. More than one-third of the fishing trips made by anglers in Georgia, for example, are to farm ponds. More than 85 percent of our

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hunting land is privately owned or controlled and most of our game is produced on farms and ranches. We are becoming aware of the tremendous opportunity for community recreational development in and around the small lakes and ponds in the small watershed projects.

The public, if it wants to have recreational opportunities on private lands, must share in the cost of its development. Is this not the time to explore some of the methods and incentives that will help farmers to develop their lands as profitable recreational enterprises? Should we experiment on a pilot basis at selected points around the country, with arrangements that would enable local sponsors to acquire and develop, for public recreational use, lands around small reservoirs, flood plains and other lands that are released from crop production?

In addition to the increasing popularity of recreation and leisure time resources, there will be a continued increase in lands needed for highways, military reservations, institutions and other public facilities.

While I have described here some of the proposals for non-agricultural use of land now in cultivation, I also would like briefly to cover some others which deal with developing alternate agricultural uses.

These proposals would principally seek to shift some crop lands into trees and grass. Many competent observers predict that the consumers' taste for meat products will continue to increase and therefore we can expect over the long run to see some land gradually being taken by the livestock industry as meat consumption rises.

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Present predictions also indicate a continued rise in demand for forest products, although it is very likely that better management and cultivation of woodlands in private ownership will enable existing commercial forest lands to fill future requirements with only a small increase of additional acres.

The major increase in forest lands probably will be to provide additional recreational areas within easy reach of urban areas.

Related to the expansion of land resources devoted to trees and grass is the need for well balanced programs for upstream watershed development. Increased vegetation and more adequate water supplies will result from the integrated development of the watersheds. This is important to the farmer, forester, sportsman and water user.

The fact that watershed development also will help provide adequate and stable water supplies for urban needs while yielding recreational benefits and increasing wildlife propagation is an indication of the importance which the Department is placing on this particular program.

Watershed development will affect highly productive farmland as well as those lands which are less productive, just as any overall program to develop more effective use of land resources will affect both because both kinds of land are intermingled.

In the case of the less productive lands, continued cultivation of millions of these acres aggravates erosion and flood problems such as continued pollution of streams, shortening the useful life of water reservoirs, disturbing fish reproduction and silting up of harbors.

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We have the necessary technical knowledge and equipment to identify such crop land, which should be diverted to other agricultural or non-agricultural uses, and we can see the effectiveness of such an effort in the experience thus far with the Great Plains Conservation program.

If it is to be public policy to encourage more effective use of land resources, then land on which continued cultivation will result in destructive economic conditions should be encouraged to go into other uses.

Obviously, what we are proposing in terms of developing new and alternate uses for land will require a companion effort to provide a wider range of economic opportunity for those living in rural areas. This is the crux of the third question which I posed to you earlier: What should we do to create greater economic opportunity for rural America?

The policy which finally is developed to reflect public consensus on this most difficult question will not be the harsh proposal, set forth by some people, to drive what they call the inefficient farmer off the land. I for one cannot condone the use of the economic Cat-O-Nine-Tails.

Such an attitude, first of all, is poor economics. The farmer against whom such a policy is aimed does not contribute significantly to the problem of excess production. According to the latest figures available, some 2.2 million farmers produce only 13 percent of the total agricultural product while the remaining 1.5 million farmers produce the remaining 87 percent.

Those who say these farmers are inefficient fail to realize that, in terms of efficiency, the man who leaves his farm to go to the city for a factory job likely would be even less efficient if he lacks the necessary skill to compete in a market which demands increasingly skilled workmen.

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USDA 177-62

The only sensible answer to this challenging question is to devise policies which bring new resources to the people in rural America rather than attempt to move the people of rural America to the cities.

There are a number of proposals currently being considered which we hope will lead in this new direction.

We know that the process of change in American agriculture has left idle land and unused buildings on thousands of small tracts in low-income areas. This situation calls for positive assistance in redirecting these land resources into farm ownerships of family size and into recreation, forestry, and other new uses.

One means which might be considered is an expansion of the credit authority of the Department to provide loans to local public corporations through which the affected lands could be acquired, redeveloped, and resold. As with urban renewal, a large portion of the costs of this rural renewal could be largely recovered as redeveloped lands are resold.

In addition to efforts to make farms large enough to provide an income adequate for the needs of the farm families, we are encouraging the establishment of factories and commercial enterprises, including recreation facilities and tourism, which will provide alternative job opportunities in the rural community to give employment where it is needed.

We also are establishing training programs in order that the normal flow of people from the rural areas can compete in accordance with their capabilities and not be required to take a low-paid job because of lack of training and education.

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USDA 177-62

We are carrying out this program in cooperation with the states, counties and local communities. Local leaders decide themselves what is to be done. To assist these local leaders, we have made available all of the resources of the Department of Agriculture through the Rural Areas Development Program. This program of economic development of rural areas has been in full swing for only a few months.

You have not been invited here to discuss the problem of implementing an agricultural program, but you should be familiar with such efforts since any proposals to provide more efficient and effective use of land and people are vital to any overall agricultural program.

The use of land is only one basic element of a broad agricultural policy, what we might describe as a triangular program, involving also food abundance and commodity management, and a triangle which concerns the people, both on the land and those who depend on its products for their daily food.

With food abundance, we must search for realistic and practical methods of using food and fiber at home and abroad to fulfill commercial obligations and those obligations of moral responsibility to share our abundance with those who do not have enough.

Through commodity management, we seek to adjust production, to balance it more effectively against what we need and can use, recognizing that even with programs to use our food abundance and to find alternative land uses we will still produce beyond effective demand.

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It is my hope that from these meetings will come stimulating and creative ideas and suggestions for using land resources effectively and wisely. I hope, too, that you will take with you a broader understanding of the achievements of American agriculture, of its place in the national economy and of its role in American leadership in the world.

Thank you, once again, for accepting my invitation to meet here to help resolve the question of finding maximum use of our land resources. We are working together for the best interests of 185 million Americans as we attempt to restore prosperity and economic opportunity to rural America.

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National Conference on Milk and Nutrition
PRODUCTS 5

Abraham Lincoln, in recommending the Department of Agriculture be established, said it would be the department of the people. His words of 100 years ago were never more true than they are today. We are meeting here at a conference called to discuss a question in which the interest of all the people -- the farmer, consumer, businessman and worker -- are closely entwined.

It is a question which began to be heard last spring when, for the first time, it was noticed that milk consumption on an over-all basis was declining nationwide. By the end of the year, the trend was clearly established. The consumer had used about three billion pounds less of milk than in 1960.

And like all basic changes in our complex society, this one affects all the people -- the farmer, consumer, businessman and worker. It is important that we know why this happened and what its effect will be.

The dairy industry in the past decade has seen many changes, but the magnitude of this particular development was totally unexpected. Let us then stand back a step and take a careful look at what is taking place in the dairy industry and what it means.

Like all other farming occupations, dairying has undergone a quiet, but dramatic, revolution in the productive capacity of the individual farmer.

Address by Secretary of Agriculture Orville L. Freeman prepared for delivery at the National Conference on Milk and Nutrition, Inter-Departmental Auditorium, Constitution Avenue, Washington, D.C., January 23, 1962, 9:30 a.m., EST.

During the five years between 1954 and 1959, for example, four out of every 10 dairy farms ceased to operate as milk producers. Those farmers who remained in dairying, however, added one cow on the average for every three already in the herd. And, every one of those milk cows produced in 1959 a gallon and a half of milk for every gallon and a quarter in 1954.

Until 1961, the increase in population generally consumed the increase.

What has happened in the dairy industry is being repeated, of course, in the production of virtually every farm commodity. It has meant that while 32 out of every 100 farmers left agriculture during the decade of the 1950's, output per hour of farm work has tripled.

As a result, with fewer people and fewer acres in production, the American farmer -- spurred on by the new developments in technology and the discoveries of science -- can actually produce more food and fiber than ever before.

The end is not even within sight. A study made recently by agricultural experts here in the Department predicts that by 1980, American agriculture will be able to meet all its commitments at home and abroad with 50 million fewer acres than are being cultivated today.

I believe most people would concede that under such conditions as have existed and will exist, the farmer is being subjected to unique economic pressures.

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But in dairying, a third force has been added. Instead of a steady, gradual increase in consumption to be expected with a growing population, the total volume of milk and dairy products used by Americans has decreased this past year.

This development has implications far beyond the immediate economic effect on agriculture, on those who handle milk and dairy products and those who look to the dairy farmer as a market for production machinery and material.

Its most serious implication may well be in the long-term effect it can have on the health and vigor of the people and the nation.

If there are times when it may appear that the Department is overly concerned with the economic prospects of the farmer, let it be understood that our responsibility is to the whole population, with strong emphasis on the problems of the farmers.

I am concerned when a new -- and unexpected -- development arises which will affect a complex industry. If this development brings a change which will benefit the nation but requires an adjustment, then we should seek ways to make the adjustment with as little disruption and dislocation as possible.

If, however, a development occurs for reasons which are not clearly established or for which there is no broad agreement scientifically, then I am concerned lest we force adjustments which we will later regret.

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USDA 282-62

I am particularly concerned when anything as basic as nutritional health could be placed in potential jeopardy.

I am sure these are some of the questions which also trouble you, and I hope that through this conference today we can begin to explore them and to direct wider public attention to them.

Let me outline in brief some of the specific areas of concern.

First, we have become extremely weight conscious in this country in recent years. If the drop in milk consumption is related to this question, we ought to be greatly concerned. Weight control involves the extent to which we use our muscles as well as the amount of food we eat. Food alone should not be expected to carry the entire burden. Insofar as we reduce calorie intake, it should be of foods important chiefly for calories -- not of foods that carry indispensable proteins, minerals and vitamins. The American people should not make wrong changes in their dietary habits to prevent or cure obesity.

Nutritional authorities tell us that we need to know much more than we do today about the place of butter and other kinds of fat in meeting the nutritional needs of people. They also tell us that there should be no drastic modification in diets until nutritional research can point the way with more certainty and in more detail. We know that extremes in amount used of any one kind of food may lead to trouble. Moderation and variety are two words to remember in thinking about the relationship of diet and long-term well-being.

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Unquestionably, there are many people who, on competent medical advice, must certainly follow special diets. But there are countless others -- both young and old -- who now do not receive adequate nutrition, particularly those essential building blocks of life for which milk is the best and most convenient source. Infants and growing children especially need milk and dairy products in their diet because of the large amounts of calcium and high-quality protein required to keep up with the growth needs.

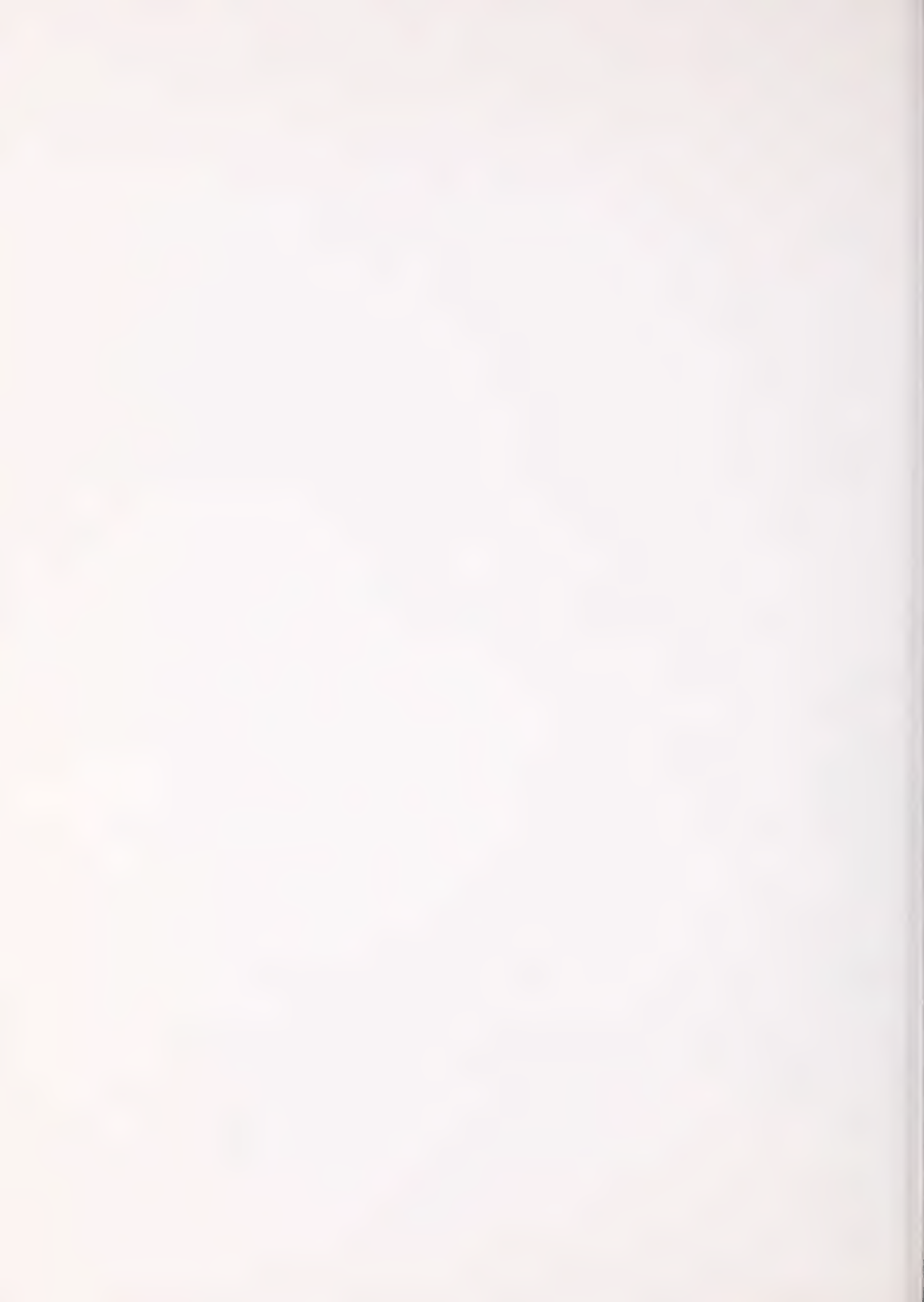
Milk contains three important nutrients -- calcium, riboflavin and protein, in addition to other essential food elements -- which people get too little of for their best nutritional health, and usually because they do not get enough milk.

In fact, milk makes it easy to get the calcium and riboflavin we need. In this nation's food supplies, milk provides about two-thirds of all the calcium, nearly half of the riboflavin and a fourth of the protein.

Another reason that milk is a necessary food source is that it contains many different nutrients in highly beneficial balance which meet one of the basic requirements of good health. The nutrients work together efficiently to meet the body's needs.

The decline in milk consumption last year was small when compared with the total supply of milk -- barely 2.5 percent. But coming at a time when it is known that milk and dairy products help fill essential nutritional needs, I think everybody should be concerned.

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The second area of concern relates to the basic responsibility of the Department to the generations of the future -- to insure the productive capability of our farming resources and to provide adequate food at reasonable cost.

The soil and water resources of this nation, together with the most efficient system of agriculture history has yet known -- the family farm -- have helped make the American the best-nourished person of all time.

The dairy industry has a vital share in the mission of American agriculture, for dairy products are a dependable and economical source of good nutrition.

The dairy farm is an exceptionally efficient means of utilizing soil and water resources to meet human needs. The dairy cow can crop the land that is too steep, too soft, too irregular for the plow and combine. Grassland agriculture yields abundant harvests of meat and milk, without the cost to the future of erosion and soil exhaustion.

The dairy industry -- from farm and barn to grocery shelf and the kitchen refrigerator -- performs an industrial and economic miracle. It furnishes consumers with basic food products that are highly perishable, yet reach the consumer fresh and pure and at moderate cost.

It encompasses more independent and competing enterprises than any other single industry in our economy. There are about one million farmers who sell milk, and over 400,000 of them receive more than half their income

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from dairying. Cash receipts from dairying last year were almost \$5 billion. The processing and handling of dairy products before they reach the retail level provides jobs for almost 300,000 persons with an annual payroll of more than \$1.3 billion.

The dairy industry is a worthy example of American agriculture, and it should be maintained and strengthened. Thus, anything which may cause it to change should be considered seriously and with cold logic, for it is a vital and highly integrated part of our national economy.

If its products endanger national health, then we should not be afraid to face that fact and the adjustments it entails; but we should not be so fearful of the unknown that we hasten to make a change which in itself may damage the physical health of our people and the economic health of the nation.

I believe the industry already recognizes that the impact of science and technology on dairying has created a situation where the dairy farmer receives less for his investment and labor than do most other agricultural producers. For example, the return per hour of work for the operator and his family in 1960 in the major dairy regions of the country varies from less than 50 cents an hour to no higher than 67 cents.

There is a growing realization that the adjustment which will provide greater economic reward, while reducing government expenditures to stabilize milk prices, is a program of supply management.

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Thus, the industry is willing to consider changes which will improve the economic health of their industry and their community, and which will insure an adequate supply of milk and dairy products while reducing the cost of government programs.

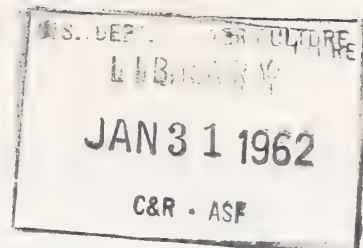
But, given the weight of all available evidence as to the nutritional needs of the American people, the adjustments which may be required by the current drop in consumption and the increasing productive capacity must include vigorous efforts to encourage the use of milk in the interest of good and balanced nutrition for our population.

That also is the purpose of this conference -- to explore the opportunities which our abundance of milk and dairy products gives to us to raise our dietary standards, and to improve the health and vitality of our people.

I can only underscore the importance of the task you will soon undertake by saying that your concern as well as mine is shared by the President. He has felt this strongly, and we are honored that he would come personally to be with us and to speak to us.

With his leadership, we can, I believe, begin to place many of the forces now affecting the health of our people as well as the economic future of dairying in a much clearer perspective.

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AGRICULTURE AND THE CONSUMER

I feel highly honored to be invited to speak here this evening and to share a place in the annual convention and dinner of the New Jersey State Board of Agriculture.

You people in New Jersey are to be complimented for your achievements in agriculture. Our friends out in the Corn Belt or farther west may not think of New Jersey as an agricultural state.

But appearances often are deceptive -- they should see what you produce. Your farmers receive more than 300 million dollars a year for their products. They have the highest gross income per acre in the country and rank fifth or better in gross income per farm even though your farms average only about 80 acres in size.

I've been deeply interested in learning about the unique set-up you have here. Secretary Alampi, I understand, is only the fourth person to occupy his post since 1916. You treat your Secretaries of Agriculture well -- and they must serve you well. Congratulations are due all around.

What is particularly interesting to me is the close relationship between New Jersey farmers and the State Board, and between the State Board and your agricultural officials. I'm sure it makes for a high order of democracy when delegates from your many farm organizations have the privilege

Address by Secretary of Agriculture Orville L. Freeman at annual convention and dinner of the New Jersey State Board of Agriculture, Trenton. N.J., Thursday, January 25, 1962, 7:00 p.m., EST.

and responsibility of recommending to the Governor the active New Jersey farmers who constitute the State Board of Agriculture -- and when this Board in turn, with the approval of the Governor, appoints the State Secretary of Agriculture.

On the national scene the National Agricultural Advisory Commission and the various agricultural advisory committees give us a considerable measure of popular representation. Through frequent meetings, we seek the help and advice of a wide cross-section of agriculture -- and from the consumer in developing and recommending farm policy and programs. We're delighted to have as the chairman of our Dairy Advisory Committee one of your fine New Jersey citizens, Mr. Lloyd B. Wescott of Rosemont. And doing an excellent job on the Potato Committee is Edward W. Simonson of Cranbury. We especially appreciate the high caliber of such men. They make it possible for the USDA to serve farm people more effectively.

We also have conducted a series of national meetings in Washington in the last two weeks to help focus public attention on some of our major problems and to obtain advice and recommendations of persons in many areas -- even those not directly related to agriculture. Our first meeting was on Food and People where we discussed ways of better using our food abundance. A second national conference, this one on Land and People, dealt with making more effective use of the human and natural resources in rural America.

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And I am sure you are aware that President Kennedy took a personal hand Tuesday in the National Conference on Milk and Nutrition -- evidence, I believe, of his strong interest in and deep concern with the problems of an agricultural industry that is vitally important to the whole economy of New Jersey.

We invited persons from the dairy industry, nutritionists, health experts, physical educationalists, consumers and businessmen to discuss the implications of a drop in milk consumption in the United States last year. I think it is significant that one of the primary concerns behind this conference was the potential hazard to personal health which this decline represents.

It illustrates that the Department of Agriculture is concerned with far more than agriculture -- even though its primary responsibility is to insure a healthy and productive farming economy as a means of providing an abundance of food and fiber to feed and clothe the nation.

I spoke earlier of the fact that New Jersey often is not viewed as an agricultural state -- and how deceptive that appearance is. The Department of Agriculture also has a problem of a difference between what it is and what it appears to be -- and tonight I would like to tear away some of the long-held impressions which over the years have created a deceptive view of what the USDA is and what it does.

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I suspect that one of the best kept secrets in Washington is that the Department of Agriculture carries out more activities which are of direct benefit or indirect service to the consumer than any other Department or agency in the Federal government.

A congressional committee last year surveyed the various services performed specifically in the consumer's interest and found that one out of every six is a job which Agriculture does.

It may surprise you to know that we spend a greater amount from our annual budget for direct consumer services than any Department or agency. In fact, one out of every ten employees in the Department is primarily assigned to protecting or advancing the consumer's interest.

I do not say these things to impress you with the money we spend or the number of things we do. I say these things to make one point which very few people in this country today fully appreciate: the Department of Agriculture plays an exceedingly important role in the daily life of every American -- not just those who live on the farm. Yet, the impression which many urban families have is that the Department of Agriculture is concerned only with farming and, therefore, rarely touches their day-to-day activities.

It is not strange, in looking back, that such a narrow view of the Department should have developed. The inability of those directly responsible for farm policy to recognize and deal constructively with what can best be described as an agricultural revolution focused public attention strongly

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on the problem area in farming. No one was able or willing to forcefully point out that the farmer, caught in the driving force of swiftly moving scientific and technological change, was raising his productive capacity faster than uses could be found for his output -- or that under the conditions in which he operated, his only option was to continue producing more and more.

Failure to recognize this situation as a revolution of as dynamic and far reaching proportions as the industrial revolution itself made it practically impossible for any realistic solutions to be developed, and the increasing frustration of the farmer and non-farmer alike riveted attention so strongly that people even began to wonder if a solution could be found. It is not a simple problem, but neither is it beyond our ability to deal with it.

By the time the Kennedy administration arrived, the farmer had become one of the most misunderstood of Americans and the Department was viewed as more of a gigantic storage bin than a Department serving both farm and city.

It is not surprising that many people, particularly those in the cities and off the farms, failed to recognize the magnificent power which the farmer had given the nation in his ability to produce an abundance of food and fiber -- enough so that for the first time in the history of man we can see clearly that famine and hunger no longer need to be feared.

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Nor is it surprising that Americans are only beginning to realize that farm products are responsible for one quarter of all exports from the United States. Our country is the leading exporter of food and fiber -- and without this trade, our favorable balance of payments would be seriously impaired.

Nor, I suppose, is it surprising that the consumer activities and services of the Department either are taken for granted or are unrecognized, even though without them the American people would have to buy meat without any assurance of quality and would find outdoor recreational opportunities more limited and probably very expensive.

Let me describe for you some of the consumer activities carried out daily in every section of the country under the direction of the Department of Agriculture.

One of the primary reasons that we have a consistently high quality level of meat and poultry available to consumers is the fact that all meat and poultry handled in interstate commerce is inspected by some 5,000 trained inspectors who reject diseased animals and unfit carcasses from processing into food products.

In addition, many of the food commodities purchased in supermarkets and grocery stores are graded and labeled under supervision of Department employees. These grades, such as "USDA Choice" for beef, "Grade A" for poultry, and "U. S. Fancy" for fruit and vegetables, are standards of quality that shoppers can and do depend on.

While agricultural research often is considered primarily of benefit to the farmer, one of the most logical arguments that can be made for it is that the consumer today can buy a wider variety of food and clothing only because of the progress made through research. Because of it, we are constantly developing better strains of crops, livestock and poultry as well as new products to meet changing consumer tastes.

We often hear of industries today which make the bulk of their sales in products not in existence 10 years ago. In agriculture, many of the varieties of crops now being grown were not even known to farmers 10 years ago. Yet they must have them today because the old strains have virtually been wiped out by disease -- and without the new varieties, consumers would have less choice and probably higher prices.

Agricultural research has put many familiar food products within the easy reach of consumers. An outstanding example of production efficiency is the country's broiler industry. In 1940 it took 13 weeks to produce a 3-pound broiler. Now only 9 weeks are required and we can do it on half as much feed as in 1940. Most American consumers also have benefited from development of the family-sized turkey and leaner pork products from the meat-type hog.

I am sure that farmers will agree with the economists that the benefits of research to produce more efficiently have largely passed through the farmer to the consumer. Broilers and turkeys, for example, have never been so low in price as in the past year.

Consumers' needs have encouraged the research development of such convenience foods as frozen concentrated fruit juices, potato granules and flakes, powdered eggs, and cake mixes.

Chemists of the Department of Agriculture also have had a leading part in developing the techniques of flame proofing cotton and making it resistant to soil and rot. It has been made water-repellent and wash-and-wearable. Because of these findings, cotton is competing favorably with the synthetic fibers, both in wearing apparel and for industrial uses.

Just last week the Department announced two new developments in treatment of cotton fiber. One is a procedure which will make collars and cuffs on men's wash-wear shirts last longer -- a development which will please the wives, I'm sure. The other is a single treatment process that gives cotton wash-wear properties at the same time it dyes, starches, and adds other finishing agents to the fabric.

Thus, I think it is fair to say that agriculture provides many services which are indispensable to the consumer in this day and age, and, in addition, has succeeded beyond the wildest dreams of man's imagination in providing an abundance of food and fiber at reasonable costs.

Since becoming Secretary of Agriculture, I have sought to carry this one simple message to the families of America who live in our cities and suburbs. I consider it one of the most important tasks that we who are concerned with the future of agriculture can undertake.

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I know that you here tonight might prefer to hear a "nuts and bolts" presentation of policies and programs which directly affect you. I think that what I have said and will say does directly affect you, because the level of understanding which your customers -- the American consumers -- have of their stake in agriculture is an important consideration in the kind of farm legislation the Congress eventually fashions.

Until you can get across to them the real significance of your accomplishments and the services which are rendered to them in the name of agriculture, you should expect to continue struggling with the false issue that there is very little community of interest between the farmer and the city worker.

Food is one of our most abundant and plentiful resources, and it is reasonably priced. It is a bargain in relation to the cost of other things which the American public buys. But after years of being told that the farmer is taking advantage of the consumer, the city dweller is reluctant to believe these facts.

Yet, the facts are there to substantiate that food is a bargain.

The retail value of farm food products, as reported in market basket calculations in 1961, was only 4 percent higher than it was ten years earlier (1951). Yet living costs generally had risen 19 percent in that same period.

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Cause of the smaller rise in food costs was the fact that farm value of that same food declined 19 percent in the ten years. Breaking it down by commodities, the retail value of dairy products in the market basket was up 10 percent in the ten years, while farm value was down 6 percent. Most extreme example is poultry and eggs on which retail value dropped 27 percent in the ten-year period and farm value dropped even more -- 36 percent.

Let me repeat the total figure again: Retail value of farm food products was up only 4 percent in 1961 over 1951 while farm value of the same foods had dropped 19 percent. And this at a time when all living costs had gone up 19 percent in the 10 years.

Would you not say, then, that relatively speaking, "Food Is a Bargain?" Another way to compare it is with wages for factory labor. In 1947-49 it took 59 hours of pay from factory work to buy a month's supply of food for an average family. Today it takes only 38 hours of factory pay -- a third less -- to buy the same amount of food.

I believe that we can make the case that the consumer has an important stake in agriculture, but I emphasize that unless we make it no one else will do it for us.

Exactly 100 years ago this year, President Abraham Lincoln established the Department of Agriculture. In signing the act creating the USDA, he spoke of it as "the people's department." That phrase is even more appropriate today in many ways than it was in Lincoln's time, for ours truly is the people's department.

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The services which agriculture performs in food and forestry are of direct and primary benefit to the consumer. We are considering recommending in this Centennial year, therefore, that the name by which the Department is identified be broadened to include these important interests.

I also believe that it is about time now to begin organizing and coordinating the many and varied services which the Department performs for the consumer as a means first, of insuring that vigorous action be continued to protect and advance the consumer's interests where the Department is responsible; second, of providing more adequate information to consumers regarding those services they can get and should expect to obtain, and third, of pin-pointing the need for additional services at the time the need arises.

Over the next 100 years, I suspect that this Department will continue to become an even more familiar and integral part of the daily lives of every American -- whether on the farm or in the city -- in the services it performs and the responsibilities it discharges. It will do this because the jobs which you and your sons perform will always be one of the essential tasks in maintaining the United States as a dynamic exponent of a free and open society.

There is a wide and time honored community of interest between the farm family and the families of the city. If both are to achieve the maximum benefit from this relationship, then it is time that we begin to demonstrate by every means possible that agriculture has performed its tasks well and that it will continue to do so.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary

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Secretary of Agriculture Orville L. Freeman's remarks for delivery at State Department Auditorium, Friday, January 26, 1962, at 3:45 p.m.

If everyone here had \$45,000 to \$50,000 to invest in a business, each of you probably would be attracted by a balance sheet which reads something like this:

*Output per man-hour has doubled in 10 years.

*Output per worker has increased at an annual rate of 6.2 percent over the last 10 years, compared to other industries with a 2.9 percent increase.

*One worker can produce the material to supply the annual needs of 26 customers.

*The rate by which productivity has been rising in the five year period between 1954 and 1959 in the industry was almost double the rate of the previous five years. And the rate is rapidly accelerating.

Obviously, we are considering an industry which is highly efficient. It has applied capital extensively to obtain this efficiency. Workers are highly skilled, proficient and enormously productive. If this were the normal industry, you would expect the profit-loss balance to be extremely favorable.

And that likely would be true if we were talking about almost any industry except agriculture.

But when we talk about agriculture, even with its efficiency, and its productive workers, the balance sheet contains some strangely mixed blessings.

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Because of its vaunted productivity, agriculture today is producing annually between six to eight percent more food and fiber than effective use can be found both at home and abroad. It is worth noting that the projection for the not too distant future is for this figure to rise to a 12 percent annual rate.

Over the past 10 years, the strain of a relatively small margin of excess capacity has had its effect. In the early 1950's, farm prices were about in balance with cost -- at about 280 percent of the base period, 1910-14. During the 50's, however, these figures began to diverge. Farm prices fell to about 280 percent of the base period, and farm costs had risen to an index of about 300.

The cost-price squeeze can be described in several ways. A study of representative farms -- excluding submarginal operations -- to determine what happened to farm income concludes:

Net income per farm in 1960 after adjustments for price level changes was 20 percent below the 1947-49 average.

Hourly income, averaging out representative farms, came to 82 cents as compared to a minimum wage of \$1.25 and from \$1.62 to \$2.83 per hour in various non-agricultural industries.

Aggregate farm income has declined during the 1950's as other incomes were rising. By 1960, per capita income of farm people was only \$986, compared with \$2,282 among non-farm people.

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But while farmers have been struggling with this problem, they have insured the American consumers with an abundance of food and fiber at low cost in relation to income. The average American spends less than 20 percent of his income today to eat better than anyone in history.

Food costs have increased substantially less than other items which the consumer purchases. The consumer today pays about 13 percent more for farm food at retail than in the period 1947-49 while non-food living costs have increased almost a third. In the same period, however, pay has increased an average of 72 percent. And the reason for the relative food bargain is that the farmer takes 13 percent less for the food products he sells.

Another way to measure the benefits accruing to the consumer is that in the same period, the hours of work required each month to pay the grocery bill for farm food dropped from 59 hours to 38 hours.

This accomplishment of the American farmer, however, has been overshadowed by a more visible result of the six to eight percent of excess capacity in the agricultural plant. At the end of 1952, the government had about \$2.5 billion invested in loans and inventories of price supported crops. During the remainder of the 1950's that investment grew to more than 9.2 billion dollars. Currently, the cost to the Commodity Credit Corporation for carrying commodity inventories exceeds one billion dollars a year.

There is a growing awareness that this situation cannot continue, especially in view of the fact that productivity will continue to increase substantially. Over the past year, the Department has studied this problem

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intensively and the consensus which is shared by experts outside the government is that for sometime ahead, 10 years at a minimum, our ability to produce will grow faster than our capacity to consume.

It means that the American people have come to a decisive point on domestic agricultural policy, and there is agreement that some steps must be taken to move some of the productive resources now in agriculture into other beneficial uses.

One proposal which is heard with some frequency these days is to return to a "no program" policy of laissez faire economics. A number of studies have been made to determine exactly what would happen under such conditions -- and the results indicate a sharp and sudden drop in farm prices and farm income.

Wheat prices, for example, would be sliced almost in half. Oats would decline one-fourth, barley would drop about 28 percent, soybeans 38 percent and grain sorghums 22 percent. Dairy prices would fall 17 percent.

Many people assume that non-supported commodities such as livestock and poultry would escape any harm -- or would actually benefit. This is not so. We could expect a decline of 24 percent in weighted average prices for the six livestock commodities covered in the studies. Egg prices would decline 20 percent, cattle prices would drop 25 percent and hogs 30 percent, and prices for broilers and turkeys would go down even below their present levels.

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Without any farm program the rapid drop in farm prices and farm income would be disastously destructive of our farm economy and our small town business.

As a constructive alternative, the Kennedy administration will propose a Food and Agricultural program for the 1960's, designed to adapt the successful programs of the past to the needs of the commodities which are in trouble today.

It is a broadly conceived program, tailored to a commodity by commodity approach, which balances all aspects of the nation's agricultural economy in a long range approach to adjust it to modern conditions and needs while maintaining farm income at or above present levels.

It emphasizes Abundance, Balance, Conservation and Development.

Under this approach, the administration will intensify its efforts at home and abroad to develop maximum effective use of the abundant productive capacity of the farmer. We will seek to balance that production with the amount that can be used under these food-use programs to insure that private effort and public resources are not wasted from excessive production.

The program will emphasize, as will the effort to follow, sound principles of conservation while developing new programs to secure new and productive uses for land and water resources -- programs geared to the conditions of today and the future.

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New resources, such as industry, recreational facilities, credit and assistance to develop more efficient sized family farms and better educational opportunities, would be directed into rural areas to serve the people there. This is a more beneficial alternative to the present trend where people must leave rural communities to find new opportunities in urban areas.

With this program, the Kennedy administration feels that a beginning can be made to bring about the long needed adjustments in the problem of excess productive capacity as well as those adjustments in social and economic conditions which are basic to the structural poverty in rural America.

These are steps which will be taken in one form or another over the next decade. We propose that they be done with the least dislocation and disruption possible, and we propose to begin with the Food and Agricultural Program of the 1960's.

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MEETING AGRICULTURE'S RESPONSIBILITIES

FEB 13 1962

C&R - ACP

It is indeed a privilege to participate in this 47th Annual Farmers' Week dedicated this year to the centennial of the signing of the Morrill Act which created our great system of Land-Grant Colleges and Universities. It is highly fitting that you have made the theme of your program here at Michigan State -- the first and oldest of the State agricultural colleges in America -- "A Century of Land Grant Progress."

What we are observing today is truly a milestone in American history -- not just American agricultural history but American history as a whole. We are observing the power of an idea. A century ago the notion that farm youth should have an opportunity to learn in college the principles of agriculture so that they could become skilled in making the soil more responsive to human needs and so that they could have a better life in general, was just an untried theory. Today we see that idea grown to great size and dramatic success. The new and untried concept of a hundred years ago has now become a bulwark of our national strength.

Today one out of every five college students enrolled in higher education is on a land-grant campus. From these universities, I understand, come almost two-fifths of all the doctorate degrees that are awarded in this country.

Address by Secretary of Agriculture Orville L. Freeman, Farmers' Week, Auditorium, Michigan State University, East Lansing, Mich., 3 p.m. (EST) Wednesday, January 31, 1962.

The land-grant college system has been, is now, and will be, a huge factor in agriculture's ability to meet its responsibilities. And that is what I want to talk about with you today -- agriculture's responsibilities and the means of meeting them.

For nearly all of the century just past agriculture's responsibility -- its objective and goal -- was to find ways of producing the abundance of food and fiber our people required for health, vitality, and progress.

Back in 1859 -- before he was even a candidate for the Presidency, and of course before the Department of Agriculture began -- Abraham Lincoln said in a speech in Milwaukee, Wisconsin, "My first suggestion is an inquiry into the effects of greater thoroughness in all the departments of agriculture than now prevails...I believe the soil has never been pushed up to one-half of its capacity."

And Lincoln went on, "Population must increase rapidly, and ere long the most valuable of all arts will be the art of deriving a comfortable subsistence from the smallest area of soil."

Mr. Lincoln would be amazed to see how well the American farmer has done in deriving a comfortable subsistence for the whole nation. Accurate figures of crop production per acre do not go back a hundred years. But we know that even since 1910 crop output per acre has risen 70 percent.

As for labor time required, the hours needed to produce 100 bushels of corn have been cut from 135 in 1910 to 15 today. The time required to produce 100 bushels of wheat has decreased from 106 hours to 13.

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This is the result of an agricultural revolution which, I believe it is no exaggeration to say, had its real beginnings in the establishment of the land-grant college system. Today, a hundred years after that system began we find that one hour of farm labor produces seven times as much food and fiber as it did in 1870, four and one-half times as much as in 1910, about three times as much as in 1940, and twice as much as in 1950.

Although we have fewer people on farms today, and fewer persons engaged in agriculture, than at any time since the Civil War, they produce an overabundance of food and fiber for a national population of 185 million, plus the biggest farm exports in history.

Moreover, big as is our present productivity, if the markets existed, our farms and farmers, simply by applying more fully the knowledge and techniques already available, could easily increase production a great deal more.

We have been taking pride in the fact that the average farm worker in this country provides for himself and 25 other persons. We have hailed this as an illustration of our great dependence on the skill and industry of American farmers. But whenever we speak in terms of averages we tell only part of the story. Our dependence on a relatively few farms and farmers is much greater in fact than we tend to think. Actually about 1.5 million, or 40 percent of U. S. farms, produce 87 percent of the total agricultural product. These 1.5 million farms, in other words, are the major agricultural foundation upon which our entire economy rests -- the primary source of the food and fiber our 185 million people must have to live and work.

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The people who work these 1.5 million farms provide not only for themselves and 25 other persons, but for perhaps twice that many.

This fact offers us a new measure of the fantastic productive power of our efficient commercial farms.

The possession of power implies responsibility to use it effectively and wisely. American agriculture, therefore, bears a heavier responsibility today than ever before. It stems from the fact that, for the first time in history, our agriculture can provide an adequate and ample diet for all the people of this great nation -- and much more besides. And it stems also from the further fact that millions of persons throughout the world now deprived of adequate diets can, with the help of our abundance and agricultural know-how, raise themselves to a position in which they, too, will have sufficient food for health, vigor, and efficiency.

Thus we have achieved something in agriculture of far greater basic consequence than putting a man in space. Meat and milk, fruits and vegetables in the hand do immeasurably more to satisfy man's basic needs than a satellite or a spaceship in the sky. There is no better and more appealing propaganda for freedom and democracy in all the world than the success story of American agriculture.

This truly awesome responsibility should instill in our producers a sense of destiny -- a sense of purpose -- a sense of dedication. It has been said that the crisis of western civilization is that it has lost its sense of purpose, whereas the communist world is invigorated by a conviction

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of dedication and destiny. If this is even partly true -- and I confess that I'm afraid it is -- then American agriculture's responsibility becomes even graver, because it is in agriculture, above all, that the western world stands superior to the best that the communist world can presently achieve. The almost unbelievable fact is that the United States with only one-eighth as many persons employed in agriculture as in Russia, produces 80 percent more output on one-third fewer planted acres.

The success of the U.S. farmer and the free, family farm agriculture he represents can be the free world's most powerful instrument in making democracy, not communism, the revolutionary force of the 1960's.

But if agriculture is to meet its responsibility to the nation, the nation also must meet its responsibilities to agriculture. It is my task as Secretary of Agriculture and your task as people keenly interested in the welfare of agriculture, and the task as well of all the citizens of this country to make sure that farmers have the machinery and the public understanding that are vital to their success.

It has been widely believed in the past that a constantly increasing productivity and efficiency will be the answer to all of agriculture's major problems. If, in other words, a farmer produces enough and does it efficiently enough markets will somehow open up to provide him an income adequate to his labor, skill, and investment.

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We have just passed through a decade which year by year provided an ever more convincing rebuttal of this argument. If the 1950's proved anything they proved that the benefits of an increasing efficiency in agriculture accrue principally not to the farmer but to the consumer. Between 1952 and 1960 we saw agricultural output increased by one-fifth and net farm income decreased by one-fifth.

On the other hand, we saw the hours required for the average factory worker to buy a month's food supply for himself and his family reduced from 55 to 43.

But when we say that increased efficiency is not enough, we do not mean to imply that efficiency and productivity should be de-emphasized -- merely that other aspects of the agricultural picture should not be neglected.

In the interests not only of agriculture, but of the whole nation, what is needed is a truly complete, comprehensive, unified, and organized program of agricultural policy.

The nation does not fulfill its responsibility to agriculture by a continual patching up of old farm programs.

Over the past decade, while conditions both in and outside of agriculture change with startling rapidity -- world conditions, as indicated by the unrest existing in so many scattered quarters of the globe -- scientific conditions, as indicated by the explorations in space --

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industrial and marketing conditions, as indicated by the emergency of the Common Market in Europe -- agricultural conditions, as indicated by the doubling of man-hour productivity during the 1950's -- farm policies and programs to meet these new conditions advanced very little.

Existing policy and programs, most noticeably in the commodity field, are largely patchwork. They've been designed to serve as temporary, year-by-year props under farm prices and income -- and, at most, they've helped keep agriculture a scant jump ahead of the wolf at its heels.

They do not solve basic farm problems; they palliate them. Useful as palliatives may be in easing economic distress, as a substitute for getting to the root of the trouble, a steady dose of palliatives can be extremely costly -- as well as extremely dangerous to the health of the patient.

In a period when agriculture has become one of the nation's most effective instruments of foreign policy, as well as the base upon which the entire economy rests, this situation cannot be permitted to continue. The nation needs public farm policies designed really to strengthen the agricultural economy. The nation needs to begin to bridge the gap between agricultural, industrial, scientific, and world conditions as they exist today and public policy toward agriculture which has lagged far behind.

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When the average farm producer receives for his labor a return of only 82 cents an hour for producing in magnificent abundance the most basic requirement for sustaining life, an injustice is obviously being done. This was the situation prevailing in 1960.

Nothing could be plainer than that the nation has not been meeting its responsibilities to agriculture. It is not a question of the government's owing farmers a living or guaranteeing them security of income. All that farmers want now, and all they have ever wanted, is a climate of equal economic opportunity with other basic producers in American society.

To enable agriculture to more fully meet its responsibilities, and to provide the farmer with the opportunity to share more equitably in the wealth of the Nation, the President today proposed a farm program that is new in the sense that it is comprehensive and fresh in its approach. It is familiar in the sense that it is based on techniques and ideas growing out of 30 years of farm program experience.

In considering needed adjustments in agriculture, we have four distinct but related goals that warrant our most serious consideration. These are abundance -- to expand food consumption, both domestic and foreign; balance -- to adjust the production of commodities now in serious oversupply; conservation -- to achieve wiser land use at a time when millions of acres are being unalterably committed to one use or another; and development -- to upgrade economic opportunity for rural people.

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It is, as President Kennedy said, as common sense as A B C D.

The program -- an ABCD farm program for the 1960's -- is designed to begin helping agriculture meet its responsibilities, and for this country to begin meeting its responsibilities to agriculture -- the people who have made it such an astonishing success and the valuable resources which have been turned into such marvels of production.

Basic to these considerations -- to the goals set out in the common sense ABCD program -- is the question of developing common sense uses for our land. Here in Michigan, I know the effort through the Rural Areas Development program in the Upper Peninsula has begun the task of developing new uses for rural resources -- of developing new opportunities for land and water and people.

But the need extends into every area of the country -- into the heart of the poorest as well as the best farm land, and into the centers where our population is most concentrated.

Let us then examine more closely what we are doing with our land and water resources today, and see where there is need to apply some common sense to the American pattern of land use.

Once land is committed to industrial development, for example, you cannot readily change it into a play area for children.

Once land is covered with an airport or laced with highway construction, you cannot very well turn it into a park.

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Once a piece of land is gathered in by the picture-window octopus of urban sprawl ... it is quite too late to turn it into a green woodland that might be needed to protect a watershed or provide a few acres of open space.

These changes are coming rapidly. You need only to drive to the outskirts of Detroit or Chicago or Washington, or any other large city, to see how rapidly and how haphazardly we are committing to various uses the land that has been open country since creation. The modern bulldozer is a powerful beast ... and a hungry one.

Don't misunderstand me. New housing is important and necessary. So are highways and airports and industry. But so are land and water and trees and space -- and as our population grows more urban and more concentrated, our need for simple breathing room will become ever more acute.

That is what brings the urgency to our land use problem. This is what puts such a responsibility on our generation in this decade, to bring some common sense planning to the use of land. Whatever we do ... the next generation will have a hard time undoing.

Fortunately, when the tides of fate bring us a difficult challenge, they often hand us a special opportunity as well. And I believe this is the case today. I'll tell you what I mean.

We need additional land for recreation -- supervised areas in and around cities as well as hunting and fishing within easy reach of urban areas.

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We need land and water areas for the conservation and propagation of wildlife.

We need wilderness areas and clean streams for the camper and the nature lover and for the unreconstructed American, son of pioneers, who simply likes to think of his country as a frontier land.

We need additional grassland and forested areas to hold soil and protect watersheds and combat siltation and pollution in our lakes and running streams.

We need green land surrounding our cities .. grass and woods and water in a wide green belt **. so that the children born in a city a generation from now ... will have within easy reach the benefits of outdoor experience.

This is land that in time would disappear from farming ... but which, without great effort on somebody's part, will go sprawling into a variety of urban uses that are uncoordinated and out of harmony with wise land use.

A well-planned program would not only provide cities with the green border we are seeking -- it would also prevent many common errors such as the construction of housing in the flood plains of streams.

This would all require a better partnership between rural and urban interests in the planning for urban growth -- and more effective cooperation between Federal and State governments.

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This kind of program would take a great deal of imagination and vigor ... as well as resources. It would require local agreements for planning and financing and the securing of easements. We don't know exactly how it might be accomplished. But we have asked Congress for specific authority to study this approach.

We also have asked for legislation to include recreation as a purpose in the Watershed Act, and to permit the government to share the cost of land easements and right-of-way for recreational purposes.

In order to delineate the scope of this idea, let's consider how it might work in a hypothetical project:

The original sponsors of the Watershed Project might undertake the recreation program, enlisting the cooperation of municipalities, counties or State agencies.

Various USDA programs could help. The Agricultural Conservation Program could stimulate the production of game and wildlife by encouraging long-term wildlife development practices by farmers in the area. This would require new authority for long-term cost-sharing agreements.

The Forest Service could provide technical cooperation.

If private financing were not available, the Farmers Home Administration might lend funds for the construction of boat houses, docks and sanitary facilities. This would require an amendment to the water facility loan program.

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Nearby private landowners might want to develop motels or riding stables. The Office of Rural Areas Development could channel loan applicants to the Small Business Administration under an existing program.

Some of these private operations, such as game farms or shooting ranges, might be a profit venture for farmers. The Farmers Home Administration could make loans for such purposes under a broadened FHA loan authority.

The opportunities are there, you see ... and it just takes a little imagination to put ducks on the water and fish in the ponds.

Of course, recreation and wildlife opportunities exist in rural areas outside Watershed Projects ... both on public and private lands. Already, more than 85 percent of our hunting land is privately owned and controlled, and most of our game is produced on farms and ranches.

So we should take a closer look at wildlife and recreation as profitable alternatives for land now exclusively in crop production. We must recognize, too, that if the public is to share in recreation opportunities on private lands, it must be willing to share in the cost of its development.

I have taken the time here to present but one aspect of the Development phase of the President's program. There is much more to it, and substantially more to the common sense ABCD program than I could possibly cover. But what I have said illustrates that the Department is concerned with finding the maximum beneficial use for land and water resources to serve both the farmer and the people as a whole.

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The facts clearly indicate that agriculture -- like all America -- once again is on the march and is moving ahead. Because agriculture is moving ahead, farmers all over the country look to the future with more hope and greater confidence than at any time during the past nine years. They have more hope because income is on the way up -- because the feed grain surplus is on the way down -- because the abundance they produce is being put to effective use -- and because farmers are finding that once more they have a voice in managing their own affairs.

But where do we go from here? What has been accomplished is only a beginning. We have temporary programs this year for feed grains and wheat. We do not have programs for these commodities for 1963. Nor do we have programs for other commodities that are either in distress or that are operating under programs which place an unreasonable burden of cost on the public.

We must not permit the head of steam that has been built up to get agriculture moving ahead again to be dissipated through indecision or expediency. We must not slide backward into programs that offer no solutions, but only create further problems.

Unquestionably, American farmers are more than willing to meet their responsibilities to the Nation and to the world. The uncertain element is whether there is enough public understanding of agriculture's potential and needs so that the Nation will fulfill its responsibilities to agriculture. It is basically a question of understanding -- and that is why we have devoted so much time and effort during the past 12 months to the telling of the Agricultural Story.

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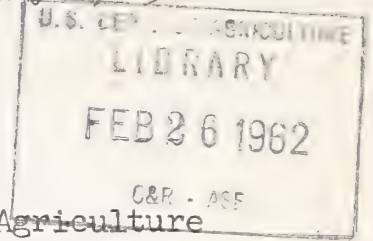
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Down through the years agriculture has provided the American people with an abundance of daily bread. Now when agriculture asks that Nation in turn for the bread of understanding, it is unthinkable that we should give it a stone of indifference.

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, February 1, 1962



NOTE TO CORRESPONDENTS:

Attached is a revised text of Secretary of Agriculture
Freeman's Feb. 1 speech before a Regional Agricultural Meet-
ing in Chicago, which was issued Jan. 31 as USDA 377-62.

This revision replaces the earlier text. The earlier
text should be killed.

PRESS SERVICE
Office of Information
USDA

USDA 377-62



It is a great pleasure for me to be here with you in Chicago. Yesterday I was in St. Louis in the morning for a meeting with farm leaders from all over the country to discuss with them the President's farm message and new farm program. In the afternoon, I flew to East Lansing, Michigan, for the Michigan State University Farmer's Week where I spoke to 3,000 farmers.

I am here today in Chicago for the same purpose that took me to St. Louis and to East Lansing--and that is to talk some common sense to farmers at a time when there is far too little common sense being spoken in agriculture.

I want to talk the same kind of common sense that the President used in his message to the Congress about the ABCD's of agriculture--about the Food and Agriculture Program for the 1960's.

For too long now we have been ducking facts and deluding ourselves about the condition of American agriculture as it exists now, and as it is going to develop in the years ahead. We have seen farm income fall at a time when the farmer has become the most efficient and productive of any tiller of the soil in history. We have seen farm income fall while the commodity stocks owned by the public rose to record heights and government expenditures rose with them.

The time has come when we must face up to the realities of the 60's and look at conditions in agriculture as they exist. These are the facts:

Address by Secretary of Agriculture Orville L. Freeman before a Regional Agricultural Meeting, Grand Ballroom, Sherman Hotel, Chicago, Ill., 10 a.m. (CST), Thursday, February 1, 1962.

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FACT: The technological revolution in agriculture is real and non-reversible. The development laboratories--both private and public--are discovering and creating new techniques and farmers are adopting them. Output is expanding at an unprecedented pace.

FACT: Agriculture can produce more than the market can take and will continue to do so--as far ahead as we can see. The demand for food can expand significantly only with population growth. And our production potential is growing much more rapidly than population.

FACT: Agriculture--made up as it is of many individual units--is not able by itself to make desired adjustments to excess supply or reduced demand. Generally lower farm prices do not assure lower total farm output, unless the price declines are extreme and sustained. Farmers are linked to the land by a long heritage, not simply by dollars and cents. They often increase their output despite lower prices in a lonely effort to stay in business.

FACT: Large budget expenditures cannot be made indefinitely to acquire stocks of commodities that we do not need. By the beginning of 1961--when new emergency measures were passed to reduce inventories--the Commodity Credit Corporation had over \$9 billion in loans and inventories.

FACT: Farmer income has been at unsatisfactory levels relative to incomes of nonfarm people. Some two million farm families on inadequate sized units have been particularly disadvantaged. But many full-time, commercial farmers have also had low incomes.

FACT: The economies of small-town and rural America are dependent upon a prosperous agriculture -- an agriculture composed of many thousand efficient family farm units. If rural people are to have equal opportunity with nonfarm

people, rural educational and economic opportunities need to be as good on the land as they are in town.

FACT: If agriculture were to be returned to a free market situation, farmers would experience a searing farm depression. In such an event farm prices and incomes would fall to disaster levels and stay there a long time. This is documented in each of four independent studies of the effect of a return to "no program."

It is in the public interest to increase farm incomes to levels comparable with other segments of society. It is also in the public interest to reduce the Government cost of supporting farm incomes. This can be done only by reducing the costs of acquiring, storing and handling billions of dollars worth of unneeded commodities.

These two important goals -- improving income and reducing costs -- can be achieved together only if farm output can be reduced below needs for several years and then be allowed to increase over the long run at a rate equal to the rate of growth in demand.

It is in this setting--from the background of reality in agriculture today--that the President has proposed a comprehensive farm program. - It is new in the concept of a total approach to a general and chronic problem, and it is old in that it builds on program methods and tools that have proved their worth in the past.

We do not seek novel approaches for their own sake; we seek useful outlets for the productive energy for a vital part of our population, ways to stimulate the development of our resources and programs that extend with successful supply management techniques of tobacco and cotton to other commodities chronically in

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trouble. We seek programs that work--that provide jobs for people, uses for land, and those that balance production with needs while protecting and supporting a prosperous family farming structure.

The Agricultural Program for the 1960's moves on four broad fronts. Visualize with me a quadrangle--a diamond:

Abundance -- one side of the quadrangle -- emphasizes food and its uses, both in the affluent society that is America, and in a world which is a long way from satisfying the food needs of its people. It is aimed at expanding domestic and international uses for food and fiber. It is intended to utilize food as an instrument of development and good will -- to strengthen friendly economies and to develop export markets.

Another side of the quadrangle is balance in the management of abundance -- to maintain farm income through the establishment of a reasonable balance between supplies and needs. The overall goal -- a food and agriculture program which will strengthen both America and the family farm system -- can be reached by common sense and cooperation in managing the abundance which our family farms produce.

A third part is directed at conservation and the efficient use of land resources. Its goal is to provide adequate food for all, to conserve soil and water, to expand opportunities for recreation, and to insure that land resources are used and improved -- not simply set aside and forgotten.

Finally, the Food and Agriculture Program for the 1960's is aimed at development -- the creation of new opportunities and new incentives for those who gain a living from the land and who depend upon it indirectly, and the improvements in education and training which will enable them to use such

opportunities. Enlarged opportunities for our rural people are, in fact, closely allied to the development and utilization of our land resources.

This is a common sense program. It is the ABCD's of agriculture. Perhaps the best way to illustrate that to you here today is to emphasize that it will be a land use rather than land idling program.

It is dedicated to the use of land because that is plain common sense, and because using land for other purposes than farming can provide other income for the farmer. Idle land cannot do this.

Let me show you specifically, in one way, what I mean. There is today an increasingly loud voice heard in support of more recreation opportunities for the people in cities and urban areas. Yesterday, for example, a report was sent to the President by an outdoor recreation commission which stated that the Nation's outdoors "no longer lies at the backdoor or at the end of Main street." The commission said that action is urgently needed in many areas, especially metropolitan areas such as Chicago, to acquire public land for recreation lest city dwellers someday be deprived of outdoor recreation.

As important as public facilities for recreation are, I believe there is a broad area for private and semi-public recreation facilities that can be developed by cooperative action between a farmer and a group of city dwellers, or between a rural community and an urban community. It can provide a beneficial use of land by people in the city which can develop an alternative income source for the farmer.

Think for a moment of the opportunities implicit in the Department's watershed program--opportunities for recreation, for fish and wildlife which haven't been touched.

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The Small Watershed Program is now almost eight years old. There are about 220 of these projects completed or underway throughout the country. Each of these is a "valley wide" conservation program taking in all the drainage area of a particular stream without reference to political boundaries.

So far, most of these projects have been planned primarily for flood prevention although attention may be given to drainage, irrigation, fish and wildlife development, or municipal water supply.

A typical project may contain 60,000 acres and have seven or eight floodwater-detention dams. The pools created by these dams may be used for recreation wherever the landowner permits it. But not more than perhaps 50 reservoirs out of some 1,900 built to date are publicly owned and available for public recreation.

These projects, as you know, are always sponsored by one or more local organizations.

The President's recommendations to Congress asked that the Department be authorized to assist these local sponsors to develop public recreation and fish and wildlife facilities in watershed projects. The purposes would be (1) to effect needed land use adjustments by converting some land, preferably cropland, to recreational uses, and (2) to meet a strongly developing need for more public recreational facilities.

At least one reservoir would be selected in each of several pilot projects ... to become a lake for swimming, boating and fishing. Improvement of streams and natural lakes and the development of campsites might be undertaken.

In order to do this, we have asked for legislation to include recreation

as a purpose in the Watershed Act, and to permit the government to share the cost of land easements and right-of-way for recreational purposes.

In order to delineate the scope of this idea, let's consider how it might work in a hypothetical project:

The original sponsors of the Watershed Project might undertake the recreation program, enlisting the cooperation of municipalities, counties or State agencies.

Various USDA programs could help. The Agricultural Conservation Program could stimulate the production of game and wildlife by encouraging long-term wildlife development practices by farmers in the area. This would require new authority for long-term cost-sharing agreements.

The Forest Service could provide technical cooperation.

If private financing were not available, the Farmers Home Administration might lend funds for the construction of boat houses, docks and sanitary facilities. This would require an amendment to the water facility loan program.

Nearby private landowners might want to develop motels or riding stables. The Office of Rural Areas Development could channel loan applicants to the Small Business Administration under an existing program.

Some of these private operations, such as game farms or shooting ranges, might be a profit venture for farmers. The Farmers Home Administration could make loans for such purposes under a broadened FHA loan authority.

The Department might secure long-term options to buy additional land around the recreational facility to be exercised as use increased. This option might be combined with easements so that in the interim, limited use could be

made of the land for such activity as nature trails and horseback riding.

The Department might also acquire scenic easements in order to protect recreational sites ... which would require new authority to buy land or land rights.

It doesn't take too much imagination to see that opportunities for both the urban dweller and the farmer are there--with a little effort we can find ducks on the pond, fish in the water, and families on the grassy banks.

Recreation and wildlife opportunities exist in rural areas outside watershed projects. There is a source of recreational enjoyment and profit on farms where the owner builds water retention dams on his own property and extends its use to groups in urban areas for recreation.

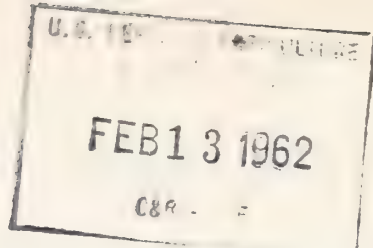
So, common sense tells us that substantial income opportunities exist for farmers who develop wildlife and recreation as profitable alternative uses for some land now in crop production. Obviously, the development of recreational facilities which the urban family can use, and from which the farmer increases his income, is only one of several programs to renew rural resources -- but it can add immeasurably to the total development and conservation effort which the President has proposed.

It is one specific method which can be developed through the Food and Agriculture Program to provide further means to improve farm income and the prospects for rural people generally.

I will take no further time at this occasion except to emphasize that we seek to use land rather than let it lay idle, and to help farmers to stay in the rural community.

Now I know many of you came today with questions--and since I came to answer questions, as well as to make a speech--I will now answer as many as I can.

U. S. Department of Agriculture
Office of the Secretary



3.1962

Secretary of Agriculture Orville L. Freeman today forecast a "new day of cooperation between city and country."

Speaking at a regional Farm Policy meeting in Harrisburg, Pa., the Secretary said the problem of not enough space for outdoor recreation together with the crisis of abundance in agriculture can bring the interests of the city dweller and farmer closer together.

The Harrisburg meeting, sponsored by Gov. David Lawrence and Senator Joseph Clark, was the third Farm Policy meeting which the Secretary has attended to discuss the Administration's new farm proposals. The Secretary is scheduled for three additional conferences around the country in the next two weeks to encourage public discussion of the farm program and to develop support for it.

"We are facing a challenge today which is unique in the history of civilization. At a time when a nation like Russia is seeking to increase its farm output by bringing more land into production, the American farmer is putting new practices into effect which enable him to feed and clothe more people on less land. By 1980, we expect the farmer to be able to produce sufficient food and fiber for all domestic and foreign needs, including expanded food aid programs, on 50 million fewer acres of cropland.

Summary of address by Secretary of Agriculture Orville L. Freeman before Regional Agricultural Meeting, State Fair Grounds, Harrisburg, Pa., 1:30 p.m. (EST) Saturday, February 3, 1962.

It means that we must examine very carefully and very intelligently all the competing uses for land, and determine the most efficient and useful ways to make this resource serve the best interest of the American people.

"Above all, we cannot let the land lay idle, for it is our national purpose to use our resources in the most effective way possible.

"And if we ask ourselves for what use the land is most needed today and tomorrow, the answer clearly is for outdoor recreation. And then the question becomes how can the American people -- both farmer and city dweller -- do this with the least disruption.

"It is well established that over two-thirds of the land is privately owned. We know also that much of the public land which now is considered for use in public recreation is too far away from the cities and suburbs for the people there to reach easily and quickly in order to enjoy the simple but essential joy of hiking, swimming and picnicking.

"It would appear that the American farmer holds today a vast reservoir of recreation resources, for it is his land which is in quick driving distance from the city.

"In approaching this question of land use during the 1960's both the city and urban dweller need to understand each other better and to understand each other's needs."

The Secretary said the city family should recognize three important facts about farming. Farm income is low, and it has drifted down as the farmer has raised his productivity and efficiency.

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"They also should recognize that the farmer works hard for his living, and that his attachment to the soil is far deeper than the attachment of a man to an occupation.

"And last, the farmer enables the American public to eat at less cost, relatively, than any other people in the world. The American consumer spends less than 20 percent of his take home pay for food -- a smaller proportion of his income than in any other country."

"The farmer should understand that the city dweller needs adequate outdoor recreation space. A recent report by the Outdoor Recreation Resources Review Commission indicates that driving and walking for pleasure, swimming, and picnicking are the major outdoor activities for most Americans, and that by the turn of the century over three-fourths of all Americans will be living in or near metropolitan areas where facilities for these activities will be most limited.

"If we are to adjust to the needs of our times as we find them both in rural and city areas, and at the same time make it possible for the farmer to increase his income, then we should consider how the farmer can best utilize his land resources to meet the new demands for recreation.

"I know that this whole area will be explored intensively here in Pennsylvania as the Project 70 Recreation Development Program launched recently by Gov. Lawrence goes forward. This is an admirable program which places Pennsylvania in the vanguard of States, and it is an example of the kind of strong leadership which is needed in the States to meet the problems of the 1960's and the decades ahead."

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The Secretary said that the Department, under the legislative proposals presented by President Kennedy in his farm message, will be able to provide financial and technical assistance for both public and private development of land resources for recreational uses.

"This means that an individual farmer might cooperate with one or several families in a city area to develop recreational facilities; a soil conservation district could develop recreational resources in cooperation with a suburban community or even a city ward. In both cases the Department could provide financial assistance and technical guidance in developing the most efficient program for land use for recreation.

"This, of course, is but one aspect of the comprehensive A B C D program for Food and Agriculture in the 1960's, but it illustrates the common sense approach that we are taking.

"Through it, if the city and country can join hands to better serve their mutual interests, then I believe we will see a new day of cooperation between the farmer and city dweller.

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1962
Less than a year ago we met in Omaha to launch the 1961 emergency feed grain program. It is fitting that we return here to open the 1962 feed grain sign-up.

But before we address ourselves to the challenge of 1962, it is appropriate that we review together the success of the 1961 program. Largely because of the dedicated work of the ASC Committee -- State and local -- the 1961 feed grain program was a smashing success. It more than met every target that I told the Congress we expected to reach. Further, it proved that the farmers of America want and will cooperate with "common sense" farm programs tailored to meet the challenge of the New Frontier in agriculture. As Al Smith used to say "Let's look at the record."

The magnificent response of more than a million farmer-participants in last year's program brought an abrupt halt to a 10-year trend of ever-increasing supplies of feed grains.

The feed grain program, coupled with other positive measures taken in the months since last January, reversed the downward spiral of farm income.

The billion-dollar increase in net farm income last year was a welcome change from the steady, dreary declines during the past several years.

Make no mistake, this increased farm income is being felt throughout our economy. It is being reflected in the industrial areas of the Nation and along the main streets of the thousands of towns in farm and ranch country-- and this has been chronicled on the news pages of many of the leading newspapers.

Statement prepared for delivery by Secretary of Agriculture Orville L. Freeman at the kickoff meeting of the 1962 Feed Grain Program in Omaha, Neb., 10 a.m. (CST) Feb. 5, 1962.

The Wall Street Journal, for example, last fall sent their competent reporting team into the farm areas to find out what was happening. They found that, according to bankers and other business men in small and large agricultural towns in this great midwestern region, purchases of farm machinery, consumer goods, and other supplies were up from 10 to 15 percent....an increase generated by the upturn in farmers' economic well-being.

The Kansas City Star reported that Federal Reserve officials found the Kansas City district doing well "thanks to the good agricultural situation."

Last spring the Minneapolis Morning Tribune attributed the pickup in retail sales in southern Minnesota to the money received by farmers in the feed grain program.

In early fall, Fortune magazine ran an article under the heading "Farm Prosperity: Made in Washington" in which this statement was made: "...1961 will go into the record books as the best farm year since Korea-- on some counts, the best ever." Aside from the fact that the heading ignored the part played by farmers, this was a good report.

While a scattering of news sources were reporting these significant developments in agriculture, the editorial pages and presumed friends of the farmer were echoing and re-echoing questionable charges against the feed grain program.

Many who have been repeating these are, of course, misinformed or misled. Unfortunately, this sort of thing happens all too often to American agriculture, which is one reason why the public has failed to recognize the great success that American Agriculture really is.

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One of the more popular of the misleading slogans used in attacking the feed grain program was "the billion-dollar bust."

If it is a "bust" to roll back feed grain production, to halt the buildup in stocks, to improve farm income, to move millions of bushels out of the government's inventory, and to save more than half a billion of the taxpayers' dollars, that must be a new way of pronouncing s-u-c-c-e-s-s.

Let's take a look in even more detail at the facts.

Within the past few days, a comprehensive survey of 1961 program results showed that the corn carryover next October 1 will be 1.8 billion bushels--200 million bushels less than on October 1, 1961, and 550 million bushels less than it would have been if farmers had not cooperated in the program and reduced production. The increase in the grain sorghum carryover has been halted too. It will be 150 million bushels less than it would have been next October 1 because of the cooperation of farmers.

Both corn and grain sorghum production in 1961 were well below the levels of the past two years even though favorable weather pushed yields to record highs. Harvested acreage of all corn was the lowest since 1882.

For the first time since 1952, feed grain production is below consumption. This is providing an opportunity to use up stocks accumulated as a result of stimulated and unwise production levels in recent years.

The program accomplishments translate into tremendous government savings.

Without a program, government holdings would have increased by 500 million bushels for corn and 150 million bushels for grain sorghum. Instead,

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there will be a sizeable decrease in government stocks and -- let me repeat -- a reduction in the carryover of all feed grain of about 275 million bushels.

Payments of around \$780 million to farmers for diverting land out of production are much more than offset by the savings in acquisition, disposal, handling, and interest costs. Net savings will be nearly \$600 million below what costs would have been without the program.

We have heard predictions of demoralized feed grain markets, price breaks, and price clubs. But nothing of the sort has come into being.

When we launched the program here in Omaha last year, a promise was made to participants that they could expect to benefit by diverting their feed grain acreage to conserving uses. Further, the users of feed grains and the consumers of livestock products were assured of reasonable and stable prices. These promises have been kept.

The program has brought about a record movement of feed grains out of government holdings and into consumption. Prices of corn and grain sorghum have been kept stable at around the levels of a year ago. Consumer interests have been protected against unwarranted increases in costs of food.

I want to quote the objectives of the feed grain program as I stated them here a year ago:

"The program can accomplish four things:

"1. Help increase farm income.

"2. Help assure the consumer of a continuation of fair and stable prices for meat, poultry and dairy products.

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"3. Reduce the ultimate costs to taxpayers by about \$500 million.

"4. Prevent further buildup of the feed grain surplus and [note this] possibly reduce it."

We were too modest in our expectations.

Another catchy phrase used to deride the efforts of more than a million farmers taking part in the program has been "phantom acres."

At the risk of using too many figures, I want to be very specific--- this is a charge that needs to be nailed.

A check of feed grain acreage on participating and non-participating farms reveals the true facts.

While participants were reducing their acreage even more than diversions under the program, acreage of feed grains on non-participating farms was increasing. The check shows that participants underplanted their permitted acreages by 6.2 million. Non-participants increased their acreages by 6.7 million.

Let's take this further. While the law based acreages to be used in the program on average 1959-60 plantings, it also wisely recognized the need to make adjustments for abnormalities and inequitable situations that might exist among farms. As a result, base acreages used under the program were higher than the simple 1959-60 planted-acre averages. But participants underplanted their actual 1959-60 acreage by 2 million acres more than the 25.2 million acres for which they received diversion payments.

A part of the effort by participating farmers to stop unneeded production was nullified by acreage increases on other farms. The increases

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by non-cooperators could not be known at the time the critics were trying to show discrepancies in program figures and to create their "phantom acres." Now, however, the facts should phantomize the "phantom acres" into thin air-- the same thin, hot air from which they came.

Note, however, that the new facts do display a weakness in the program. This weakness is a major reason to move ahead to a long-range program under new legislation. The new facts reveal that the non-cooperator can too easily nullify the good done by the cooperator. But for this year, we must use the 1962 program and make it work to maintain our momentum and build upon the results already achieved despite the handicap.

Those of us in agriculture must face the realities of today. Business as usual at the same old stand is not enough. There is increasing disenchantment by farm and non-farm groups, alike, with the high costs of government programs that fail to face basic problems and to provide permanent long-range answers that benefit all Americans. We have a new opportunity in the 1962 feed grain program to show the rest of the Nation that farmers are willing to cooperate to reduce some of the cost of programs to taxpayers. Another successful feed grain program year will add great strength to our efforts to arrive at long range permanent answers to the wonderful but frustrating paradox of American agriculture.

Last year the farmer committee system demonstrated that it is a vital, going operation, needing only the opportunity to serve. On short notice, because the situation demanded immediate attention, the feed grain program was recommended by the new administration and passed by the Congress.

When I met with you last March, it was just two months after taking office. We brought you a complex program. You of the State and county

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committees brought the program to the farm. It is here that success or failure is determined. You gathered yield and acreage information to make the program work. You at the local levels made the judgments--at the only place where these judgments can be effectively made. Your dedicated energy culminated in an outstanding program.

Let me assure you the urgency is no less this year. Adjustment of feed grain production must be continued, to the benefit of feed grain producers, livestock dairy and poultry producers, and taxpayers.

By participating in 1962, farmers will:

---continue to reduce the costly pileup of feed grains in government ownership.

---take better care of our national soil and water resources by applying needed conservation measures on cropland taken out of intensive corn, grain sorghum, and barley production.

---save dollars for every citizen through further reductions in government costs of storing, shipping, and handling government-owned grains.

---get income immediately at sign-up time if they wish.

---save a large part of the planting and harvesting costs on the acreage put into conserving uses.

---be assured of price support on their 1962 production at national average prices of \$1.20 per bushel for corn, \$1.93 per hundredweight for grain sorghum, and 93 cents per bushel for barley.

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However, this is not just a dollars-and-cents proposition, although it is good from that standpoint. I say again as I said a year ago: This is not merely a sharp pencil program. Sharpen your pencil and figure it out, of course. You owe it to yourself to do that. But also go a step beyond. Many who participated in last year's program did so in no small measure out of a desire to make a contribution toward a healthier agriculture. The million plus farmers who did this are to be both complimented and congratulated. It is equally, if not more important, that we have the same public spirited response to the 1962 program.

Some tell me that the winter wheat producers are not actually making the voluntary diversion they are now signed up for. I believe that they will continue to cooperate both as good citizens and because they believe in a strong wheat program.

We hear that the 1962 feed grain program won't attract cooperation. But I am confident that again our farmers will vigorously support it as they did in making the 1961 program work so well. I repeat -- I expect support because the program is active and because feed grain farmers want a feed grain program, but also because they are good citizens cooperating to solve a problem.

We hear that feed grain producers will never accept a long range supply management program with protection for cooperators against nullifying activities of non-cooperators. I have confidence that producers do recognize that such a program -- one that applies common sense to the technological facts of life -- will get for such a program the dirt farmer support it must have to pass the Congress, and to be as successful in practice as has been the emergency feed grain program of 1961.

Let us then look forward with confidence. We are strengthened by the experience gained in 1961. We will do better in 1962.

You the ASC committeemen carry great responsibilities in meeting these challenges.

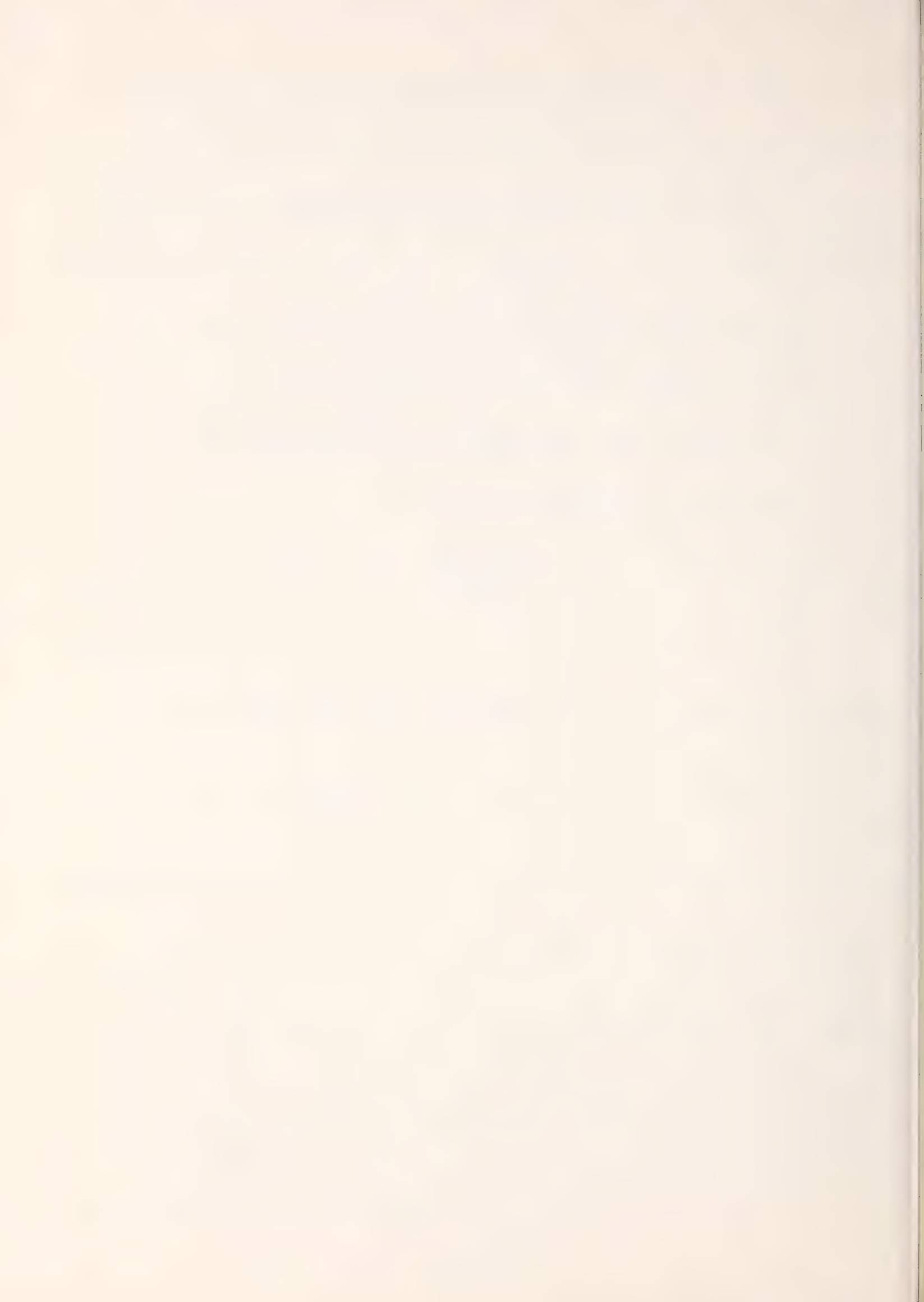
The President of the United States is counting on you.

The Secretary of Agriculture is counting on you.

The people of the United States are counting on you.

We know you will deliver.

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U. S. Department of Agriculture
Office of the Secretary

U.S. DEPT. OF AGRICULTURE

FEB 13 1962

6, 1962

I welcome this opportunity today to discuss the outlook for the dairy industry with you members of the National Dairy Council. Because of my interest and close connection with dairying, both back in Minnesota and now in Washington, I have long been familiar with the excellent work done by your organization and its members. The dairy farmers of this country all owe you a debt of gratitude.

When I said I welcomed this chance to discuss the outlook for the dairy industry this was not mere rhetoric or a conventional introduction to my remarks. I mean it, and I will tell you why. There is a vital and difficult job facing all of us who are concerned with the future of the dairy industry. It is a difficult but not an impossible job -- if we all pitch in and work together to find the answers and get the job done.

Your help is vital, and you can be assured of my cooperation. This is a case where many heads are better than one. There are thousands of tasks to be done, and it will take thousands of people to do them. Let's all get into the act.

To set the stage I would like to give you a thumbnail picture of where the dairy industry stands now. Final figures on milk output last year are expected to be about 2 billion pounds greater than in 1960. This is an increase of about 1-1/2 percent over the year before -- not quite as much as the increase in population during the year.

Address by Secretary of Agriculture Orville L. Freeman at meeting of the National Dairy Council, Philadelphia, Pa., Tuesday, February 6, 1962, 11:45 a.m., (EST).

The end is not in sight for increased milk production. The decline in cow numbers in milking herds has slowed. It was only 1 percent last year. At the same time the milk output per cow is on the rise. At present it is increasing at the rate of 4 percent a year. This is part of the revolution in productivity that has taken our entire agricultural industry by storm since World War II. All this points to another increase in milk production again in 1962 -- probably by another 2 billion pounds, again a little less or about the same as the expected population increase.

Now let's take a look at the other face of the dairy picture -- consumption. For reasons that are not wholly clear, consumption so far this milk marketing year has dropped 2 to 3 percent. This is about 3 billion pounds. Although per capita consumption has slumped before, it has generally been offset by the increase in population. This recent decline in total consumption was completely unexpected and, so far, is largely unexplained.

While there are no hard and fast answers as to the cause of the decline in use of dairy products, there is plenty of speculation and concern as to the probable causes and consequences. President Kennedy expressed his concern at the recent National Conference on Milk and Nutrition in Washington, D. C., that the decline in milk consumption implies a lower standard of nutrition. His frank discussion received wide attention in the press and on television, and I think it will go a long way to renew consumer interest in this economical source of good nutrition. Let me review with you some of the points made at the Conference:

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In much of the discussion of the effects of fallout on food, milk has been used as the example. While this is a tribute to milk as an important food, it creates the unfortunate impression that milk supply is particularly susceptible of contamination by fallout. This is far from true. The President assured his audience that the Public Health Service and other agencies have our food supply under constant surveillance. Detailed guidelines have been developed by the Federal Radiation Council to protect the health of the people from radiation danger; and for the foreseeable future there is no danger from radioactive fallout to our milk and food supplies.

On the matter of heart troubles and cholesterol, the National Research Council has concluded that there is no reason for the general population to abandon the nutritious elements in milk on the basis of a suspicion that there might be an association between milk fat consumption and coronary disease. Of course, when doctors have prescribed special individual diets for persons who are susceptible to coronary problems, the physician's advice should be followed.

As to weight, the control of the weight of the human body is the product of two factors. The first, naturally, is the quantity of food eaten. But just as important is the amount of food burned up in the body by muscular activity. If the two are in balance, weight should remain constant. If the amount burned up is greater there will be a loss of weight. But, it takes both factors to produce a safe method of weight control.

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The idea which I think we should try to get across to weight-conscious Americans -- and there are millions of them -- is that moderation and variety are the key words when there is any tinkering with diets. Nutrition experts tell us that there is no justification for drastic modification of our diets, without specific medical advice directed to the individual's specific condition, and that wholesale changes in eating habits may do more harm than good.

If, in spite of a stepped up program of physical activity, it is still necessary to lower the intake of calories in food, the wise dieter will reduce those foods which are important chiefly for calories. To cut back on foods which are prime sources of indispensable proteins, minerals and vitamins (and milk is high up on the list of these foods) is little short of reckless. If stepped up physical activity and a normal diet alone won't furnish weight control to some people, they may have to eat sparingly. But though sparingly, they should eat well -- a tasty diet that is well rounded in all essential food elements.

You have an important responsibility to help get America back on the milk wagon once again. With much justification, we like to think of our country as prosperous and well nourished, with a high standard of living. But it is a fact that in 1955-56 when fluid milk consumption was at a peak, one family in four had diets that supplied less than the recommended amounts of several important nutrients -- nutrients for which milk is both a famous and an economical source.

If those families whose diets now fall below the allowance recommended by the Food and Nutrition Board for calcium were to use milk to meet that

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standard, the country would consume 9 percent more milk. In the aggregate, this would furnish a market for an additional 10 billion pounds of milk a year.

We need to do this job of education selling if you will.... not just for the benefit of dairy farmers and the dairy industry, important as that is. We need to do it to protect the health, and vigor of our Nation. In times like these we should be straining every effort to improve our nutrition and our health. That is why our declining consumption of milk is an alarming signal. Less milk means for many people a lower level of nutrition, and this will lead to a lower national level of health.

The educational work that the National Dairy Council has done in the past has helped make this a Nation of milk drinkers, but even more needs to be done. So I ask you to redouble your efforts.

The Administration is glad to do whatever it properly can to give consumers sound and accurate advice about nutrition, and to help the dairy industry to make a contribution to that purpose. We are also stepping up the scope of the Special Children's Milk Program and the School Lunch Program, through which more and more children are receiving milk and other nutritious foods, and learning good dietary habits that will stand them in good stead throughout their lives. Dairy products are being distributed, along with other surplus foods, to 6 million needy Americans. Nonfat dry milk has long been a major standby in our Food for Peace program, and we are seeking to make greater use of this and other abundant foods in school lunches, economic

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development, and in the months and years ahead, we are determined to make every effort to encourage consumption, and to use our abundance of food products, including dairy products, to the fullest degree possible without waste. But I would be less than frank with you if I did not point out that this approach alone will not be enough.

The dairy problem is immediate. It is a problem of incomes for dairy farmers that are too low to compensate farmers fairly for their labor and investment; and it is a problem of government expenditures that are too high, and which result in the wasteful accumulation of dairy products in huge quantities -- particularly butter -- that we don't need and can't use. It is here today and it will be with us for some time to come unless the Congress and farmers agree to adopt a common sense program to maintain a better balance between supply and demand for milk and dairy products.

Under present law, all surplus supplies of milk must be bought by the government in the form of dairy products such as butter, cheese and nonfat dried milk powder. These are purchased to maintain the price of milk at the support level. These purchases will cost the taxpayers approximately 500 million dollars during the current marketing year.

The present law provides that the price of milk shall be supported at such level between 75 and 90 percent of parity as the Secretary determines is necessary to assure an adequate supply. In view of the present supply situation, the support price for the marketing year starting April 1, 1962, must be reduced to 75 percent of parity.

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Reducing the level of price support would be a severe blow to the dairy farmers and would sharply reduce their income in the year ahead. They would be required to absorb the entire blow of coping with the oversupply brought on by the increased productivity of our dairy industry, and the unexpected change in consumer eating habits. In order to allow time for a new program to be enacted and implemented without disrupting markets and severely reducing farm income, President Kennedy has proposed that Congress enact a joint resolution authorizing the continuation of supports at the present level until December 31, 1962.

A new program is clearly needed. Reducing supports to 75 percent of parity will merely wreck the dairy farmers' income without solving the problem of high costs and waste for the government. According to our best estimates, the Commodity Credit Corporation would still have to spend \$440 million or more in purchasing dairy products for price support, even at the lower level of supports, in the year ahead.

There is a serious danger, even if the unsatisfactory income possible with the present support program were acceptable, that continuing high costs to buy dairy products we don't need and can't use might result in discontinuance of price support protection altogether. According to studies of experts, both in and out of the Federal Government, the price farmers receive for milk would drop sharply if price supports were removed.

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It is simple common sense that something must be done to bring supplies of milk into better balance with our needs. President Kennedy last week, in his Message to the Congress on Agriculture, called for changes in our present farm program to meet the problems of today and tomorrow. A proposed Food and Agriculture Act of 1962 embodying the President's recommendations has been introduced in Congress.

I do not want to go into detail, but here are the highlights of the proposed new law as it applies to the dairy industry:

1. It would authorize price supports for milk at the maximum level up to 90 percent of parity consistent with current marketing conditions, when producer allotments are in effect.

2. Government expenditures would be limited to the acquisition cost of those quantities of dairy products which can be utilized in the national interest for domestic welfare and foreign assistance programs. The maximum limit would be \$300 million per year -- approximately the average of expenditures annually for the past eight years -- plus costs incurred under the special children's milk and school lunch programs. The limit would apply whether or not marketing allotments are in effect.

3. Producers would choose in a referendum between price supports at the higher level that would be possible with marketing allotments in effect, or supports at such lower level as can be maintained within the limit on government expenditures with no marketing allotments.

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4. The individual producer's allotment would be based on his marketings of milk in 1961. Marketing allotments for each year would be based on the producer's proportionate share of total commercial demand and purchases for government programs in the national interest. Handlers would be free to buy all of the milk offered by producers, but would deduct and remit to CCC surplus marketing fees on milk marketed by producers in excess of their allotments.

5. CCC would support milk prices by buying dairy products, just as under the present program.

6. The size of the surplus marketing fee would be adjusted periodically during the marketing year as necessary in order to defray, together with Federal funds, the costs of acquiring surplus dairy products.

7. Producers could transfer their marketing bases to other producers, subject to safeguards administered by farmer-elected county ASC committees to protect the family farming system, thus retaining flexibility in the farm operations of individual producers.

This proposed program will permit the dairy farmer to manage his milk production in order to maintain and improve his income if a two-thirds majority of producers voting in a nationwide referendum choose to do so. At the same time it will assure the consumer of a plentiful supply of fresh and wholesome milk. And it will reduce the government burden of buying a steadily mounting surplus. It is a program that is fair to farmers, to consumers, and to taxpayers alike.

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The dairy problem has two sides, and all of us have a direct concern with both. Our efforts to expand consumption can build markets for producers, and assure nutritious and healthful diets for our population. Our success in expanding the use of dairy products can minimize the adjustments that milk producers may need to make in bringing supply into balance with demand.

But consumers have a direct concern also to assure adequate returns to dairy farmers for their labor and investment, for in the long run there is no other way to insure the preservation and further progress of our unmatched, highly efficient family farming system of agriculture.

And all of us -- as citizens and taxpayers -- have a direct interest in accomplishing our goals of fair income for farmers and abundant and economical supplies of nutritious food for consumers without waste and excessive costs to the government for products we do not need and cannot use.

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U. S. Department of Agriculture
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1962 In my job I make many speeches. It is not often, however, that events conspire to give me the opportunity of addressing just the right audience at just the right time -- but that is the case here today. We have come together at a most fortunate moment -- one so opportune, in fact, that we may someday look back upon this meeting as a major milestone in the advance of conservation in this country.

A week ago tomorrow the President of the United States -- with characteristic vigor and sense of purpose -- laid before the Congress a bold and comprehensive program for American agriculture in this decade. If you have not read his message, I urge you to do so. For it opens the door to new opportunities and new achievements in developing our land and water resources wisely for the benefit of man.

Few organizations are better equipped to move swiftly and effectively through that open door than this Association with its 2,900-member Conservation Districts -- spanning the country in a network of local mechanisms -- empowered by law to carry out action programs for the better use of land and water and allied resources. For you -- and all others concerned with the use of land and water -- the President's program is a call to action. And the burden of what I want to say to you today is simply this: That I hope you will respond with vigor, imagination and enthusiasm.

Address by Secretary of Agriculture Orville L. Freeman before the 16th Annual Convention of the National Association of Soil Conservation Districts, Grand Ballroom, Sheraton Hotel, Philadelphia, Pa., 12:30 p.m. (EST), Tuesday, February 6, 1962.

The Food and Agriculture Act of 1962, now before the Congress, will put into practical application some basic principles which have long been evident -- and too long ignored.

Speaking before another society of conservationists at Purdue University six months ago, I stated:

...that the farm problem and the conservation problem are "intrinsically and inseparably" linked;

...that our agricultural policy "must come to grips with the physical problems of land use, the economics of production adjustment and farm income, the social necessities of rural rehabilitation, as a totality;"

"...that agricultural policy and conservation policy "must merge in programs designed to relieve or eliminate rural areas of chronic distress, to enlarge and improve facilities for recreation, to harness our rivers against floods, and to provide for orderly urban and industrial expansion."

I say precisely the same thing to you today -- but with this very significant difference: Today I am able to talk in specific terms about practical measures actually proposed in an agricultural program that brings to life the general principles I was talking about last July.

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The elements of that program are as simple as ABCD -- and in keeping with the times and the popularity of "initialese" -- each of those letters has a meaning. Each represents one front of a four-sided attack on the imperative problems of our agriculture.

The "A" is for abundance -- that front on which we seek to make more telling use of the output of the most productive agricultural system of all time. On this front we intend to use our abundance to combat hunger and under-nourishment among our own people (and even in this affluent society many are both hungry and under-nourished); and to share it with the people of friendly countries whose drive toward economic stability and political maturity can be stepped up by adequate supplies of food.

The "B" is for balance -- that front on which we intend to attack the problem of agricultural surplus.. It is time -- and past time -- to correct the imbalance between supply and demand that has plagued our farmers and the nation's taxpayers for thirty years. This we shall do, in close cooperation with farmers, through measures that will strike a reasonable balance between what we produce and what we need, improve and stabilize farm income, and sustain the system of family farms on which our unparalleled agricultural success is built.

The "C" is for conservation and on this front we will attack the problem of using our land, water, forests and wildlife in ways that will enable more and more millions of our citizens to enjoy and benefit from them. Of the measures to be taken on this front, I shall have more to say in a moment.

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The "D" is for development-- that front of our four-pronged attack on which we will mount a new campaign to conserve and improve the human resources which constitute the bone and sinew of our agriculture and our nation. To people on the land, we must give new incentive and new opportunity. We do not want them driven from the land by the same merciless economic forces that have already separated millions of farm people -- young and old -- from their preferred environment. We want to bring resources to rural America to provide new vocational opportunities for these people, to offer training and education to equip them for new occupations in the wholesome atmosphere of country life.

Taken as a whole the A plus B plus C plus D add up to a common sense attack on deep-rooted maladjustments in our agricultural economy which we clearly cannot afford to ignore. It is a program that faces up to facts -- and one of the facts is that we are faced today with land-use problems of a new order deriving from far reaching changes in our economic structure and social patterns, both within agriculture and without.

This is dramatically underscored by another event which makes our meeting here today a timely one. On the day he delivered his agricultural program to Congress, the President received a report on Outdoor Recreation for America, compiled after a three-year study under the Chairmanship of Mr. Laurance Rockefeller. Let me call your attention to some of the things this report has to say about the need for recreational facilities in this country. This is a direct quotation:

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"The demand is surging...it is clear that Americans are seeking the outdoors as never before. And this is only a foretaste of what is to come. Not only will there be many more people, they will want to do more, and they will have more money and time to do it with."

By 1976, the report says, our population will be about 230 million; and by the year 2000, 350 million. Disposable consumer income will rise from \$354 billion in 1960 to \$706 billion by 1976 and to \$1,437 billion by 2000. People will have more free time.

The standard work week in 1976 will average 36 hours for the entire industrial work force; by 2000 it may be down to 32 hours. Much of the extra time will go into recreation. Americans will be even more mobile. The number of passenger cars will be about 100 million by 1976 -- an increase of nearly 80 percent over 1959 -- and by 2000 it will have grown by as much again. Individual participation in some form of outdoor recreational activity during the summer period may jump from 4.4 billion "occasions" at present to 6.9 billion occasions by 1976.

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In short, in a nation of active people who enjoy increasing leisure time, rising personal incomes, and a strong population growth rate, the requirements for outdoor recreation are going to add a new dimension to our conception of beneficial land use, and every agency -- national, state, or local -- having anything to do with our resource base, is going to have to consider that new dimension in thinking about the job it has to do.

I want to give you a few more quotations from the recreation report which ought to provoke some thought:

"The simple activities are the most popular. Driving and walking for pleasure, swimming, and picknicking lead the list of the outdoor activities in which Americans participate."

"Recreation...should be considered in many kinds of planning -- urban renewal, highway construction, water resource development, forest and range management, to name only a few."

"Outdoor recreation...also brings about desirable economic effects. Its provision enhances community values by creating a better place to live and increasing land values. In some under-developed areas it can be a mainstay of the economy."

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"Activities of watershed and other agricultural conservation programs should be oriented toward greater recreation benefits for the public."

"Private lands are a very important part of the supply of outdoor recreation resources."

"Private resources for recreation fall into three categories: those that are used primarily for recreation; those that are managed primarily for some other use but are also used for recreation; and those that could be developed into either private or public recreation sites."

"Legislation should be enacted to permit explicit consideration of public outdoor recreation benefits created by small watershed projects carried out by the Watershed and Flood Prevention Act of 1954."

"Since the mid-1930's the Federal Government, through the Department of Agriculture, has been sharing with land owners the cost of undertaking certain soil and water conservation practices...these programs have both direct and secondary influences upon outdoor recreation and should be administered to take account of recreation potentials."

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"The development of the farm pond program, conducted by the Department of Agriculture in the interest of better soil and water conservation, has introduced a new element in recreation fishing. The number of farm ponds in the United States, which currently account for approximately 2 million surface acres of productive fish habitat, will increase by one-half million by 1976 and by another million by the year 2000. In the past these areas have provided fishing and recreation for the farmer and his immediate friends, and neighbors, but this resource could be used more fully by the general public, furnishing at the same time a source of income to the farmer."

It takes only a little vision to foresee many other ways to develop the recreational use of private lands -- hunting, hiking, swimming, picknicking, camping, skiing come immediately to mind. The point is that even today, facilities for outdoor diversions are inadequate. In the next few years the demand is going to triple. And the basic requirements for meeting that demand are land and water -- and imagination.

Another swiftly emerging land use problem commands the attention of every district contiguous to a metropolitan area. This is the problem of urban sprawl -- the indiscriminate gobbling up of beautiful countryside by unsightly tentacles of city and industrial growth. America already suffers intensely from this malaise -- which one California commission recently described as "slurbia."

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One of the imperatives in any solution of our agricultural problem is the permanent retirement of millions of acres of un-needed crop-land to other uses. Where better could this land be sought than in farming regions adjacent to our cities -- and to what better uses could it be put? We can halt the encroachment of the "slurb" by creating belts of open country -- easily accessible for public recreation -- around many of our city areas. All of the land in these greenways need not be purchased. Some might stay in private hands under agreements covering its use; some could be controlled through easements assuring public access. But in any event, local instrumentalities will be needed through which the land can be acquired, managed, and developed in the public interest. Is there a role here for the Soil Conservation District?

I call your attention to still another matter which clamors urgently for attention. The rural regions of this wealthiest of nations are scarred today by pockets of poverty and economic erosion as dreadful -- if not as evident -- as the urban slums that blight so many of our cities. This is a reflection of the fact that about 60 percent of our farms produce only 13 percent of our agricultural output.

In 800 counties across the country, with 25,000 rural and small town communities and an aggregate population of some 31 million people, the searing process of economic deterioration and heavy outmigration has been underway for two decades. In many places, community and private facilities have run down and been abandoned.

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Not only farm families are being caught in this downhill slide. In hundreds of villages and small towns, commerce and business has stagnated, with resulting loss of income and job opportunities for the people who live there.

The nation is awake to the urgent needs of urban renewal. Here in Philadelphia and in Pittsburgh immense strides in urban redevelopment and rehabilitation under the leadership of Governor Lawrence, Mayor Dilworth and Mayor Barr have demonstrated what can be accomplished in our cities. Backed by new Federal and State programs, cities in every section of the country are moving forward with programs to ~~eradicate~~ slums, revive areas of commercial decay and put themselves in tune with the times.

Across rural America we need much the same kind of drive -- a massive rural renewal program to rescue and revitalize community after community now being stifled by inadequate resources, low income, and lack of opportunity. These areas need a resource transfusion to bring them back to life and vigor.

I do not pretend to know all the means by which this transfusion can be accomplished. But the starting point, certainly, is to readjust and improve the natural resources they already possess -- recombinations of farm land to constitute economic units, development of forest potentials, stabilization of small watersheds to prevent destructive floods, and assurance of power supply. With this kind of a base, an area has a chance of attracting industry; and on such a base it can create new facilities of many kinds to meet the nation's need for greater recreation out-of-doors.

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I have tried to tickle your imagination by exposing three great new areas for land use action, where the needs of the nation are clear and where, it seems to me, your districts have an unprecedented opportunity for constructive service to their communities and the country.

Now let me assure you that I have not made these suggestions without any relation to reality. On the contrary, every suggestion I have made regarding the possible role of the soil conservation district -- whether in providing new facilities for recreation, in combatting urban sprawl, or in driving forward toward rural renewal -- is backed up by provisions of the President's food and agriculture program for the sixties.

I have said that this is a program that faces facts. It does more than that -- it relates one fact to another. Our economists tell us, for example, that by 1980 we will need 51 million acres of cropland less than we need now to meet our domestic and export requirements for food and fiber. The Rockefeller study reveals a need for millions of additional acres for recreation. Orderly urban expansion calls for still more open land. Rural renewal requires basic land use readjustment. The President's program does not stop, therefore, with measures to idle crop land for the sake of balancing production and demand. It surrounds those measures with others through which we can make those retired acres work in other ways for the people who own them, the communities in which they exist, and the nation as a whole.

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If the Congress responds to the President's proposals, amendments of existing law will give the Secretary of Agriculture authority to attack these problems of land-use in many ways. He will be empowered, for example:

...to acquire land to be developed and used for public recreation and protection of fish and wildlife.

...to enter into long-term agreements with farm operators and owners for the conservation and economic use of land.

...to provide assistance to local organizations for operating and maintaining any reservoir or other area in a watershed protection and flood prevention project for public recreational development.

...to make loans to individual farmers for recreational uses of land and to accommodate shifts in land use.

...to make loans to rural public bodies and associations for sewer development and improvement, and for recreation-conservation purposes.

...to make ACP payments and cost sharing arrangements under long-term contracts with producers to provide for changes in cropping systems and land uses for development of soil, water, forest, wildlife, and recreation resources.

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Taken together, these represent a package of programs through which I believe we will be able to come to grips more effectively and more swiftly than ever before with the problems of resource use which you have done so much to deal with in the past. We are on the threshold of a new era in the management of our resources -- of land and water, forest and wildlife -- and our people, who are the most important resource of all, are going to gain in the process.

In realizing the promise of this new era -- in giving reality to our broadened concept of conservation and wise land use -- I am convinced that the Soil Conservation District has an immensely important part to play. I demonstrated this conviction on February 1 -- just five days ago -- when I signed and promulgated a proposed new Memorandum of Understanding as the base of future working relations between the Districts and the Department.

It is my purpose in offering this revised Memorandum to up-date the splendid relationship which began a quarter of a century ago when our ideas about the aims of conservation on private lands were more limited than they are today. Then, the capacity of the Department to assist the Districts was as limited as the ideas that prevailed at that time. Now we are embarking on new programs with broader aims in keeping with modern needs. I want the Districts to be ready to take their full part in these programs as we move ahead.

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I want to close with this final word. We are opening up new ground, charting new trails. We need your help, the benefit of your experience, the cooperation of your organizations. When you leave here, take counsel with your associates back home. Put your minds to the problems we have talked of here. Come up with suggestions and proposals.

I salute the splendid job you have done in the 25 years since the first district came into being. They have been challenging years, I know. But even greater challenges lie ahead.

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TESTIMONY

of

The Secretary of Agriculture, Orville L. Freeman

on

The Food and Agriculture Act of 1962, H.R. 10010

before the

House Committee on Agriculture, Wednesday, February 7, 1962

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Legislation recommended to implement this Administration's program for Food and Agriculture in the 1960s is incorporated in the bill, H.R. 10010, that we have under consideration today. In support of this bill I should like to state the goals we seek; to review the facts that must be taken into account in any realistic approach to these goals; and to summarize briefly the nature of the common sense program we propose in the interest of both our farm economy and the national welfare.

We seek four distinct but related goals: Abundance, Balance, Conservation and Development. As President Kennedy said in his message to the Congress, "these are common sense goals, as common sense as A, B, C, D."

- A. We seek to use our Abundance in the production of food and fiber at fair prices in quantities sufficient to meet the needs of all Americans and to combat hunger and contribute to economic development throughout the free world.
- B. We seek a Balance between the abundance we can produce and the quantities we can use -- a balance that is essential in order to avoid waste of private effort and public resources and to make it possible for efficient farmers to earn incomes equivalent to those earned in comparable nonfarm occupations.
- C. We seek the Conservation and wise utilization of our resources of land and water, to adjust their use to the conditions of today and potential needs of tomorrow, thus insuring abundance for our children as well as for ourselves.
- D. We seek the maximum Development of human resources and the renewal of rural communities, programs aimed at ending rural poverty and at opportunities for education and employment that will extend to people in every rural area in the nation the advantage of a high, truly American, standard of living.

We are confident that these goals can be achieved, and that great strides toward their achievement can be made in the 1960s. But action is urgent, lest we slip back further away from these goals. And progress toward them can be made only if we honestly and courageously face the basic facts that are an integral part of today's farm problem.

What are these facts:

1. The technological revolution in agriculture is real. It is non-reversible. It is proceeding at a rapidly accelerating rate, as demonstrated by the fact that the rate of productivity

advance in the 1954-59 period was almost double that of the preceding 5-year period. This outstanding productive success of American agriculture confounds our enemies and is the source of envy and emulation in most of the nations of the world. It has brought great rewards to the economy of the nation, to the American consumer, and to hungry people throughout the world -- but not to the farmer who produced this abundance.

2. The second important fact, which grows out of the technological revolution in agriculture, is that American farmers can produce more than the market can take, now and in the years immediately ahead. The total demand for food in the United States can expand significantly only with population growth. And our production potential is growing much more rapidly than population.

We are expanding and intensifying our efforts to insure good nutrition for every American -- through special milk and school lunch programs, direct distribution and the food stamp plan. We are striving to make maximum use of Food for Peace to relieve hunger and promote economic development in the emerging nations of the world. We have totaled all of these quantities that we can use effectively over the next few years, and we find that our productive capacity still outruns all that we can use.

3. The third fact is that agriculture, made up as it is of millions of individual units, cannot by itself achieve a balance between production and demand. We have learned by experience that lower farm prices do not assure lower total farm output, unless those price declines are so drastic and sustained as to cause wholesale bankruptcy. Rather, lower prices often cause farmers to increase their output in a lonely effort to stay in business.
4. A fourth important fact is that farm income is too low. Some two million farm families on inadequate sized units are especially disadvantaged. But this is not all. Hundreds of thousands of efficient, full-time farmers have incomes substantially below those of comparable non-farm occupations. Farm per capita income averages \$986 as compared with a nonfarm average of \$2,282; and hourly returns for all labor on the farm, including that of the owner-operator, average 85¢, as compared with a minimum wage standard of \$1.25 and an average of \$2.19 in industry. These low farm incomes prevail even under current government programs to support farm income.
5. But the fifth important fact is that government expenditures to support farm income cannot be expected to continue indefinitely to acquire and store stocks of commodities that we do not need. By the beginning of 1961 -- when new emergency measures were passed to reduce surpluses -- the CCC had over \$9 billion in loans and inventories.

It is in the public interest as well as the farmers' interest to increase farm incomes to levels comparable with other segments of society.

It is in the farmers' interest as well as the public interest to reduce the cost to the government of supporting farm incomes.

The achievement of these two goals -- improving income and reducing costs -- at the same time, and in the light of the facts I have just summarized, requires that we reduce farm output below needs for several years, and then allow it to increase over the long run at a rate equal to the growth in demand.

The Choice Before Us

Comments on the Food and Agriculture Program for the 1960s have referred to a "hard choice for farmers" but they have not made clear the supremely important truth that this choice is demanded -- not by the Administration -- but by the situation that exists. The facts that I have just reviewed force us to make a choice. Postponement can only make the choice more difficult, and delay will only prolong the agony of unsatisfactory conditions. It is a mark of maturity to face facts realistically, weigh them in the light of all available experience and knowledge, and then have the courage to make a decision.

The facts have forced this Administration to make a choice between recommending this Program for Food and Agriculture in the 1960s and a course of action that would inevitably lead to no farm program at all.

In making this choice we have consulted with all major farm organizations, with agricultural economists, with committees of producers and with members of the Congress. We have considered those commodity programs that have worked relatively successfully in the past, and as we evaluated the history of farm programs we have sought ways to apply those principles that have worked to other commodities most in trouble.

In making this choice we have kept constantly in mind the principles and values that are a part of the American tradition.

We have sought to recognize the value of individual freedom of action to the maximum extent consistent with that amount of regulation that is necessary to sustain the one requirement for the maintenance of individual enterprise -- the opportunity to earn a fair income.

We have sought to recognize the human values involved in any course of action -- or inaction -- that would result in the shifting of men and women out of their vocations and their communities.

We have sought to recognize the social and cultural as well as the economic values of the American family farm system that demonstrates to the world the significance of the incentive that goes with the operation of one's own enterprise.

What is the choice before us?

On the one hand, there is a return to no farm program at all. Not immediately, perhaps; but further drift and indecision, further piecemeal

programs that avoid commodities most in trouble, supports that are too low to be adequate for farmers, continued rise in government costs, will inevitably lead to an abandonment of farm programs. This choice would result in such a drop in farm income that a searing farm depression would result. Thousands of bankruptcies, displacement of thousands of families, and the further decline of thousands of small towns would follow. For reasons of cold economics as well as the maintenance of human values, we cannot choose this course.

The other course is the one this Administration has chosen to recommend to the Congress, in the public interest and in the interest of the farmers of this nation.

I want to emphasize that this choice is not such a "hard choice" as it seems at first glance.

On the one hand, the proposed regulations are not so burdensome or restrictive as is sometimes feared. They are similar in nature to regulations that have been in effect for many years for such crops as tobacco, and, as such, they have repeatedly been endorsed by 95 percent of the farmers and by all major farm organizations.

On the other hand, the choice is softened by the bright prospects that will result from the total implementation of the entire proposed program. For these prospects include not only the goals of lower government costs and higher farm income, but they also include a use of our resources to meet urgent, but presently neglected, needs of all the people of the United States.

They include land no longer idled or wasted by the production of things we cannot use -- but rather providing wholesome outdoor recreation for which there is great need.

They involve a conquest of rural poverty, and rural renewal programs that can do for men, women and children in the country what we expect of urban renewal programs in our great metropolitan areas.

They include progress toward an agricultural economy sufficiently balanced so that the role of government programs and payments will progressively diminish, and sufficiently productive and flexible so that we can meet any needs that may arise and continue to enjoy in the future the blessings of abundance made possible by continued scientific and technological progress.

Use of Land Resources

The best projections we have indicate that in 1980 the food and fiber needs of a population of 245 million people can be met by production from 407 million acres of cropland, which is 51 million acres less than the 458 million acres we classify as cropland today. The urgent problem, which requires immediate attention, is to find new productive uses for cropland.

The feed grains and wheat program proposed in the Food and Agriculture Act of 1962 are designed to help solve this immediate problem of a major reduction in harvested cropland acres.

But our goal is not idle land. There is today a great unmet need for land for purposes of outdoor recreation, for wildlife habitat, for green space around our cities. The Report of The Outdoor Recreation Resources Review Commission made last week indicated that resources for wholesome outdoor recreation is one of our greatest needs for the future. And remember that, even with all our existing resources of parks and forests, most of these are at a great distance from the great concentrated masses of our population.

The nation's privately owned croplands and farms hold a major potential for wildlife conservation, for hunting and fishing, and for many other kinds of outdoor recreation. Already more than 85 percent of our hunting land is privately owned, and most of our game is produced on farms and ranches. There is tremendous opportunity for community recreational development in and around the small lakes and ponds being developed in Watershed projects under Public Law 566 that is just becoming apparent. And opportunities for farmers to increase their own incomes and meet real needs by developing, on their own land, facilities for fishing, camping, picnicking and other outdoor recreation challenge the imagination.

Title I of the Proposed Act provides for changes in existing conservation, land use, and watershed protection and flood prevention programs to provide new authority for the Secretary of Agriculture to promote the conservation and economic use of land:

1. By acquiring land not currently needed for agricultural use to be developed and used for public recreation and protection of fish and wildlife;
2. By long-term agreements with farm operators and owners; and
3. By providing assistance to local organizations in acquiring, developing, and maintaining selected reservoirs or other areas in watershed projects for public recreation and fish and wildlife.

The provisions of Title I of the proposed Act are in the form of amendments to the Soil Conservation and Domestic Allotment Act, the Bankhead-Jones Farm Tenant Act, and the Watershed Protection and Flood Prevention Act.

Authority would be given to the Secretary, by proposed amendment to the Soil Conservation and Domestic Allotment Act, to promote conservation and economic use of land through long-term agreements with farm operators and owners. Under these agreements which could not exceed 15 years, payments would be made for changes in cropping systems and land uses, and for other measures to conserve and develop soil, water, forest, wildlife, and recreational resources. The cost of establishing conservation measures could be shared by the Government.

The purposes of the Bankhead-Jones Farm Tenant Act would be broadened (through amendment of Title III of that Act) to include development of public recreation and fish and wildlife protection.

To enable the Secretary to carry out the proposed provisions, he would be authorized to acquire any lands, or rights or interests therein, which he deemed necessary. Purchases, however, would be limited to those that would not have a serious adverse effect on the economy of the county or community in which the land is located. (The Bankhead-Jones Farm Tenant Act presently authorizes only the acquisition of submarginal land and land not primarily suitable for cultivation.)

This new authority would enable the Department to initiate the series of "pilot and demonstration land-use projects" mentioned by the President in his Message on Agriculture to the Congress, January 31, 1962.

Under the proposed amendment of the Watershed Protection and Flood Prevention Act, Federal help to local organizations would be authorized for development of public recreation and fish and wildlife in selected reservoirs and other areas in watershed projects.

When a local organization agreed to operate and maintain a reservoir or other area for public recreation or for fish and wildlife development, the Secretary could:

1. Bear or share the cost of the land, easements, or rights-of-way acquired by the local organization for these purposes, and
2. Advance funds to the local organization for acquisition of the land, easements, or rights-of-way that are necessary to preserve sites for reservoirs or other areas from encroachment by residential, commercial, industrial, or other development.

Recreational Use in Watershed Projects

Under the proposed amendment to the Watershed Protection and Flood Prevention Act, reservoir sites could be selected as pilot or demonstration projects for enlargement and for development for public recreational use and promotion of fish and wildlife.

Eventually, these recreational areas could be widely scattered over the nation. They could provide new recreational opportunity to about 12 million people each year.

Applications already have been made by local organizations for more than 1,600 watershed projects in 48 states and Puerto Rico. The primary purpose of the small watershed program would continue to be flood prevention and control, if the proposed amendment is approved. But the way would be open to add tremendous recreational values that would extend benefits far beyond the watershed boundaries.

The cost-sharing features of the proposed program would be assurance that the projects would be planned only where there is a public demand, present or foreseeable, for additional recreational facilities.

With recreation as an accepted project purpose, watershed projects could be justified in many areas where other benefits do not now justify the costs.

The potential for use of land to meet needs for all forms of outdoor recreation challenges the imagination. With programs to encourage this adjustment in land use, and to encourage conversion of cropland to grass and to trees, we could improve farm income at the same time as we make a major contribution to the welfare and the interests of the people of the entire nation.

Development of Human Resources and Renewal of Rural Communities

Land use adjustment will be an integral part of a program of rural renewal -- a program to bring new life and health to all of our rural communities, and particularly to those where rural poverty has been especially critical.

Already there is far too much poverty in rural America. Among the 54 million people in rural areas there are 4.1 million rural families with a total money income less than \$2,500; while among the other 131 million people in the rest of the nation 3.9 million families have incomes below that amount. These areas include 2 million farms -- 60% of our farms -- that together produce only 13% of farm products sold. Most of these farm families reflect underemployment and poverty that is due to inadequate resources of land, or other capital investment, or of human skill and ability, or some combination of these factors.

Effective programs for rural area development to meet this problem include measures to encourage the formation of economically viable family sized farms, and the diversion of some of the land to recreation, conservation, the growing of trees, and wildlife preservation. They include the renewal of rural communities by helping to create new industrial and commercial enterprises and better community facilities. They include vocational and other educational opportunities that are basic to the development of a strong and prosperous rural area. Rural renewal programs in the country can be as constructive and important in strengthening the values of American life as urban renewal programs in our cities.

Our Rural Area Development program has started us on the way. The provisions in both Title I (referred to above) and Title V (expanding the purpose and function of the Farmers Home Administration to include loans for shifts in land use and for recreational uses) of this Act would enable us to move these programs more rapidly.

By bringing resources to the people in rural areas, by encouraging new employment through industrial and commercial development, by strengthening full and part time farming operations, by protecting and conserving natural resources, by making the most of human resources through improved educational opportunities, and by assisting in providing community facilities and new recreational opportunities, we can help to conquer rural poverty and build in rural America communities of which we can all be proud, which will serve to strengthen the American way of life.

Balanced Production

Programs for rural development, for better use of land, and for expanding utilization of our abundance can make their maximum contribution to a comprehensive farm program only if accompanied by measures to achieve a balance in production of those agricultural commodities that are now in substantial surplus. New, permanent programs are urgently needed for feed grains, wheat, and dairy products.

Feed Grains

For 9 consecutive years in the 1950s the feed grain carryover rose, until carrying charges reached an annual rate of about \$500 million in the 1961 fiscal year. The programs responsible for these results guaranteed price supports to producers but contained no effective means of adjusting output. Fortunately this trend has been reversed as a result of the 1961 emergency program. The program now in effect is in operation for 1962 only. Without new legislation this year we would revert to the program of the late 50's -- the program that failed then and would fail again.

Common sense demands that we recognize that the rapid increase in carryovers and costs that would ensue would mount to such heights that the structure would topple under its own weight.

Nor can the problem be met by an indefinite continuation of the voluntary type of program we have now. For voluntary programs can reduce production only so far as funds are available in sufficient amounts to provide incentives for participation. A long range voluntary program would become increasingly expensive, until this too would become too costly to continue.

The only choice that remains, therefore, as an alternative to the abandonment of support programs, is an application of the principle of managed abundance to the production of feed grains. The program incorporated in Title IV of this bill builds on our experience with commodity programs that have worked successfully year after year, with the overwhelming approval of producers, for such commodities as cotton and rice. The democratic procedures that have worked so well for these crops can be successfully adapted and applied to feed grains. Both the rights of producers to choose programs democratically, and the duty of the Government to spend its resources wisely, are protected under the program recommended here.

The program is designed to reduce CCC stocks to desirable levels in about 5 years. After that, feed grain acreage and production could be increased. And to the extent that lands diverted from grain could be grazed or otherwise used under new programs for land use adjustment, diversion payments could be reduced without damage to farm income.

Wheat

Wheat problems parallel those of feed grains. The programs that failed in the 1950's will become effective again for the 1963 crop unless new legislation is passed this year.

Under our recommended program for wheat, as for feed grains, marketing quotas and acreage allotments would be established, land would be diverted to conservation usage, quotas would not go into effect until approved by two-thirds of the producers, and supports would be available only if quotas are approved. The reduction of stocks held by the Government would be reduced by the producers themselves if they approve the quota. If they did not approve such quota any stock reduction would have to depend on government action, and the CCC would therefore be authorized to sell up to 10 million tons in the case of feed grains and up to 200 million bushels in the case of wheat. There is only one reason for the CCC to sell wheat or feed grains in the event no supply management program is in effect. This would be the only way to reduce inventories and decrease the cost of maintaining stocks -- a major purpose of this legislation. It is absurd to assume that any such disposal program would be operated for the purpose of depressing the market. On the contrary, utmost care would be taken to prevent that result.

Under the proposed wheat program price support would be keyed to domestic and export wheat marketing certificates. Wheat marketed with domestic certificates would be supported at about the present range, other supports would be lower. The program would operate to protect producer incomes, and to reduce carryover and government costs. It is expected that stocks would be reduced to a desirable level within 5 years.

Dairy Products

A new program is proposed to correct a very serious imbalance in dairy production. While milk production has not increased as much as the increase in population, an unexpectedly sharp decline in per capita consumption of milk and most milk products has resulted in a serious oversupply and mounting government costs.

The present law provides that under such a supply situation supports must return to 75 percent of parity. Under the program we are recommending supports could be maintained or increased if producers vote to accept marketing allotments to bring supply more nearly into balance. To avoid impairing farm income and the disruption of markets while this program is being considered by the Congress and until it can be voted on by the producers, we have recommended that Congress extend authority to maintain milk supports at their present level until December 31, 1962.

The program we propose for the balanced marketing of our milk production would provide allotments for each producer on which he would receive support up to 90 percent of parity, and would provide for the payment of surplus marketing fees by the producer on the amount marketed in excess of his allotments. These fees would be used along with government funds to purchase surplus dairy products. The cost to the Government would be reduced to the cost of acquiring those quantities that can be utilized in the national interest, whether producers accepted the new program or not. Dairy farmer incomes could be maintained and progressively improved by the acceptance of the program.

Here, again, there is a choice between supply management and adequate incomes for farmers on the one hand, and on the other an unrestricted

production that will push government stocks and costs up too high to be sustained, while still failing to provide adequate farm income. We cannot find acceptable outlets for the large volume of butter that is being acquired -- about 400 million pounds this year. If the present law remains in effect, and we support dairy prices at the level of 75 percent of parity as required by that law under the existing supply situation, farm income would be reduced substantially while government costs would continue to be excessive (about \$440 million next year).

The common sense choice for this government is to enact legislation to permit dairy farmers themselves to choose whether they want a sensible program of managed marketing under which they can achieve a fair income, or whether they want to take their chances on what will happen to both production and income under no program at all.

These three new programs relating to the commodities most out of balance today would enable us to progress toward the elimination of surpluses, the reduction of government costs, and higher farm income in the decade of the 60s. Together with the other programs already described, for adjustments in land use and development of rural areas, we can make substantial progress in the decades ahead toward a balanced agriculture in which government programs and payments would play a steadily diminishing role -- an agricultural economy sufficiently productive and flexible to meet all foreseeable needs.

Use of Abundance

In every case, the balance would be sought in terms of maximum use of our abundance of food and fiber, both at home and abroad.

It is my deep conviction that this nation can live up to its moral obligations, and its leadership responsibilities only if we do our utmost to see that no one in the United States lacks a nutritionally adequate diet, and to make maximum effective use of our abundant agricultural productivity to relieve suffering and promote economic development abroad.

This past year has witnessed a notable expansion of programs for increased utilization of food.

Eighty-five thousand schools, child care centers and camps are receiving more fresh milk than ever before. Eight hundred thousand more children enjoy a hot school lunch. Both the quantity and the variety of food distributed to more than six million needy persons has been stepped up. A pilot food stamp program in eight communities has brought such encouraging results that its expansion in a further trial period is justified and will be carried out.

We have likewise expanded our use of food in the foreign aid program under P.L. 480. Last year the Congress passed amendments extending and improving that Act. In order that our Food for Peace program can be made even more effective, the bill provides:

- (1) an amendment of Title II of P.L. 480 to permit shipments of surplus commodities not in CCC inventory, which at present can be made only for animal fats and vegetable oils;
- (2) provisions to broaden Title IV to include market development possibilities;
- (3) a new Title V to promote multilateral programs for food aid by authorizing the President to negotiate and carry out agreements with international organizations and other inter-governmental groupings involving grants of agricultural commodities.

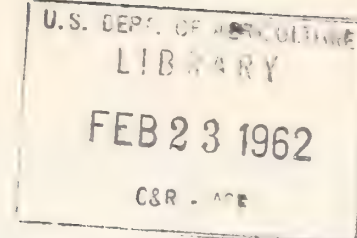
These changes will enable us to make greater use of the abundant production of our farms for the development of future markets for U. S. farm commodities and in support of our overall foreign aid program.

I have just reviewed a comprehensive, common sense, ABCD program for Food and Agriculture in the 1960s.

It seeks maximum use of our abundant productive capacity. It would balance that production with the amount that can be used under these intensified programs. As an integral part of this effort we would exercise sound principles of conservation through new programs to adjust the use of our land to the great unmet needs of this and future generations. By this adjustment and by other means -- notably by bringing credit and guidance, new industry and new opportunities, to rural areas -- we would direct our programs toward the maximum development of human resources and renewal of rural communities.

I sincerely commend this program to your serious consideration.

U.S. Department of Agriculture
Office of the Secretary



1962 Less than a year ago we launched the 1961 emergency feed grain program.

Its success is a testimony to the efforts of those of you who are here today and your fellow workers in the field, as well as to the farmers who cooperated to help themselves and the nation. We are here now to open the 1962 feed grain signup.

But before we address ourselves to the challenge of 1962, it is appropriate that we review together the success of the 1961 program. Largely because of the dedicated work of the ASC Committees-- State and local -- the feed grain program was a smashing success. It more than met every target that I told the Congress we expected to reach. Further, it proved that the farmers of America want and will cooperate with "common sense" farm programs tailored to meet the challenge of the New Frontier in Agriculture. As Al Smith used to say "Let's look at the record."

The magnificent response of more than a million farmer-participants in last year's program brought an abrupt halt to a 10-year trend of ever-increasing supplies of feed grains.

The feed grain program, coupled with other positive measures taken in the months since last January, reversed the downward spiral of farm income.

The billion-dollar increase in net farm income last year was a welcome change from the steady, dreary declines during the past several years.

Make no mistake, this increased farm income is being felt throughout our economy. It is being reflected in the industrial areas of the Nation and along the Main streets of the thousands of towns in farm and ranch country -- and this has been chronicled on the news pages of many of the leading newspapers.

Statement prepared for delivery by Secretary of Agriculture Orville L. Freeman at the second regional meeting of the Agricultural Stabilization and Conservation Service to kickoff The 1962 Feed Grain Program, Henry Grady Hotel, Atlanta, Ga., 2 p.m. (EST) February 8, 1962.

The Wall Street Journal, for example, last fall sent their competent reporting team into the farm areas to find out what was happening. They found that, according to bankers and other business men in small and large agricultural towns in this great midwestern region, purchases of farm machinery, consumer goods, and other supplies were up from 10 to 15 percent....an increase generated by the upturn in farmers' economic well-being.

The Kansas City Star reported that Federal Reserve officials found the Kansas City district doing well "thanks to the good agricultural situation."

Last spring the Minneapolis Morning Tribune attributed the pickup in retail sales in southern Minnesota to the money received by farmers in the feed grain program.

In early fall, Fortune magazine ran an article under the heading "Farm Prosperity: Made in Washington" in which this statement was made: "....1961 will go into the record books as the best farm year since Korea-- on some counts, the best ever." Aside from the fact that the heading ignored the part played by farmers, this was a good report.

While a scattering of news sources were reporting these significant developments in agriculture, the editorial pages and presumed friends of the farmer were echoing and re-echoing questionable charges against the feed grain program.

Many who have been repeating these are, of course, misinformed or misled. Unfortunately, this sort of thing happens all too often to American agriculture, which is one reason why the public has failed to recognize the great success that American Agriculture really is.

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One of the more popular of the misleading slogans used in attacking the feed grain program was "the billion-dollar bust."

If it is a "bust" to roll back feed grain production, to halt the buildup in stocks, to improve farm income, to move millions of bushels out of the government's inventory, and to save more than half a billion of the taxpayers' dollars, that must be a new way of pronouncing s-u-c-c-e-s-s.

Let's take a look in even more detail at the facts.

Within the past few days, a comprehensive survey of 1961 program results showed that the corn carryover next October 1 will be 1.8 billion bushels--200 million bushels less ~~than~~ on October 1, 1961, and 550 million bushels less than it would have been if farmers had not cooperated in the program and reduced production. The increase in the grain sorghum carryover has been halted too. It will be 150 million bushels less than it would have been next October 1 because of the cooperation of farmers.

Both corn and grain sorghum production in 1961 were well below the levels of the past two years even though favorable weather pushed yields to record highs. Harvested acreage of all corn was the lowest since 1882.

For the first time since 1952, feed grain production is below consumption. This is providing an opportunity to use up stocks accumulated as a result of stimulated and unwise production levels in recent years.

The program accomplishments translate into tremendous government savings.

Without a program, government holdings would have increased by 500 million bushels for corn and 150 million bushels for grain sorghum. Instead,

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there will be a sizeable decrease in government stocks and -- let me repeat -- a reduction in the carryover of all feed grain of about 275 million bushels.

Payments of around \$780 million to farmers for diverting land out of production are much more than offset by the savings in acquisition, disposal, handling, and interest costs. Net savings will be nearly \$600 million below what costs would have been without the program.

We have heard predictions of demoralized feed grain markets, price breaks, and price clubs. But nothing of the sort has come into being.

When we launched the program here in Omaha last year, a promise was made to participants that they could expect to benefit by diverting their feed grain acreage to conserving uses. Further, the users of feed grains and the consumers of livestock products were assured of reasonable and stable prices. These promises have been kept.

The program has brought about a record movement of feed grains out of government holdings and into consumption. Prices of corn and grain sorghum have been kept stable at around the levels of a year ago. Consumer interests have been protected against unwarranted increases in costs of food.

I want to quote the objectives of the feed grain program as I stated them here a year ago:

"The program can accomplish four things:

"1. Help increase farm income.

"2. Help assure the consumer of a continuation of fair and stable prices for meat, poultry and dairy products.

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"3. Reduce the ultimate costs to taxpayers by about \$500 million.

"4. Prevent further buildup of the feed grain surplus and [note this] possibly reduce it."

We were too modest in our expectations.

Another catchy phrase used to deride the efforts of more than a million farmers taking part in the program has been "phantom acres."

At the risk of using too many figures, I want to be very specific--- this is a charge that needs to be nailed.

A check of feed grain acreage on participating and non-participating farms reveals the true facts.

While participants were reducing their acreage even more than diversions under the program, acreage of feed grains on non-participating farms was increasing. The check shows that participants underplanted their permitted acreages by 6.2 million. Non-participants increased their acreages by 6.7 million.

Let's take this further. While the law based acreages to be used in the program on average 1959-60 plantings, it also wisely recognized the need to make adjustments for abnormalities and inequitable situations that might exist among farms. As a result, base acreages used under the program were higher than the simple 1959-60 planted-acre averages. But participants underplanted their actual 1959-60 acreage by 2 million acres more than the 25.2 million acres for which they received diversion payments.

A part of the effort by participating farmers to stop unneeded production was nullified by acreage increases on other farms. The increases

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by non-cooperators could not be known at the time the critics were trying to show discrepancies in program figures and to create their "phantom acres." Now, however, the facts should phantomize the "phantom acres" into thin air-- the same thin, hot air from which they came.

Note, however, that the new facts do display a weakness in the program. This weakness is a major reason to move ahead to a long-range program under new legislation. The new facts reveal that the non-cooperator can too easily nullify the good done by the cooperator. But for this year, we must use the 1962 program and make it work to maintain our momentum and build upon the results already achieved despite the handicap.

Those of us in agriculture must face the realities of today. Business as usual at the same old stand is not enough. There is increasing disenchantment by farm and non-farm groups, alike, with the high costs of government programs that fail to face basic problems and to provide permanent long-range answers that benefit all Americans. We have a new opportunity in the 1962 feed grain program to show the rest of the Nation that farmers are willing to cooperate to reduce some of the cost of programs to taxpayers. Another successful feed grain program year will add great strength to our efforts to arrive at long range permanent answers to the wonderful but frustrating paradox of American agriculture.

Last year the farmer committee system demonstrated that it is a vital, going operation, needing only the opportunity to serve. On short notice, because the situation demanded immediate attention, the feed grain program was recommended by the new administration and passed by the Congress.

We brought you a complex program. You of the State and county

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committees brought the program to the farm. It is here that success or failure is determined. You gathered yield and acreage information to make the program work. You at the local levels made the judgments--at the only place where these judgments can be effectively made. Your dedicated energy culminated in an outstanding program.

Let me assure you the urgency is no less this year. Adjustment of feed grain production must be continued, to the benefit of feed grain producers, livestock dairy and poultry producers, and taxpayers.

By participating in 1962, farmers will:

---continue to reduce the costly pileup of feed grains in government ownership.

---take better care of our national soil and water resources by applying needed conservation measures on cropland taken out of intensive corn, grain sorghum, and barley production.

---save dollars for every citizen through further reductions in government costs of storing, shipping, and handling government-owned grains.

---get income immediately at sign-up time if they wish.

---save a large part of the planting and harvesting costs on the acreage put into conserving uses.

---be assured of price support on their 1962 production at national average prices of \$1.20 per bushel for corn, \$1.93 per hundredweight for grain sorghum, and 93 cents per bushel for barley.

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However, this is not just a dollars-and-cents proposition, although it is good from that standpoint. I say again as I said a year ago: This is not merely a sharp pencil program. Sharpen your pencil and figure it out, of course. You owe it to yourself to do that. But also go a step beyond. Many who participated in last year's program did so in no small measure out of a desire to make a contribution toward a healthier agriculture. The million plus farmers who did this are to be both complimented and congratulated. It is equally, if not more important, that we have the same public spirited response to the 1962 program.

Some tell me that the winter wheat producers are not actually making the voluntary diversion they are now signed up for. I believe that they will continue to cooperate both as good citizens and because they believe in a strong wheat program.

We hear that the 1962 feed grain program won't attract cooperation. But I am confident that again our farmers will vigorously support it as they did in making the 1961 program work so well. I repeat -- I expect support because the program is active and because feed grain farmers want a feed grain program, but also because they are good citizens cooperating to solve a problem.

We hear that feed grain producers will never accept a long range supply management program with protection for cooperators against nullifying activities of non-cooperators. I have confidence that producers do recognize that such a program -- one that applies common sense to the technological facts of life -- will get for such a program the dirt farmer support it must have to pass the Congress, and to be as successful in practice as has been the emergency feed grain program of 1961.

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Let us then look forward with confidence. We are strengthened by the experience gained in 1961. We will do better in 1962.

You the ASC committeemen carry great responsibilities in meeting these challenges.

The President of the United States is counting on you.

The Secretary of Agriculture is counting on you.

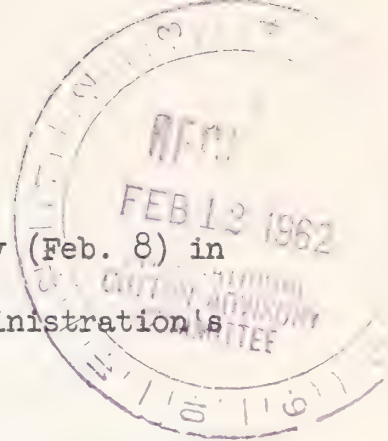
The people of the United States are counting on you.

We know you will deliver.

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U. s. Department of Agriculture
Office of the Secretary

APR 20 1962



8, 1962 Secretary of Agriculture Orville L. Freeman said today (Feb. 8) in Atlanta, Ga., that democratic choice is the keystone of the administration's new farm program.

He spoke in the Biltmore hotel at the fifth in a series of eight regional farm policy meetings he will address in various sections of the country to encourage discussion of the new A B C D farm proposals which the President sent to the Congress a week ago.

The Secretary also will speak at 2 p.m. in the Henry Grady hotel to a regional meeting of Agricultural Stabilization and Conservation (ASC) committee-men from the Southeastern States which is being held prior to the beginning of the 1962 feed grain signup program. It is the second of three such regional meetings the Secretary will attend.

"We have sought to take a common sense approach over the past year to consult as widely as possible with all major farm organizations, with agricultural economists, with committees of producers and with members of the Congress to frame the most realistic and practical legislative proposals for those commodities which are most in trouble today.

"In doing this, we have considered those commodity programs that have worked relatively successfully in the past and have sought ways to apply those principles which have worked. This is only common sense.

"Thus we have applied the time-tested procedures which the farmers who grow cotton, tobacco and rice have found to be most useful in balancing

Summary of remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman before a regional farm meeting, Biltmore Hotel, Atlanta, Ga., 10 a.m. (EST) February 8, 1962.

production with both what the market can take and the amount which can be used effectively outside commercial channels.

"These are the procedures which the farmers here in the South have repeatedly endorsed in referendums, by majorities of 95 percent and higher, and they are procedures which all major farm organizations have endorsed.

"The proposed legislation for wheat, feed grain and dairying is the product of the democratic process, and the principle of democratic choice is the keystone of those programs.

"As in the programs that have served the interests of the Southern farmer, the new programs we are proposing require that the farmers first vote in a referendum -- and only after two-thirds of those voting give their approval will the programs become effective.

"We also have sought, in framing these common sense programs, to recognize the value of individual freedom of action to the maximum extent consistent with that amount of regulation necessary to sustain a vital requirement for the maintenance of individual enterprise -- the opportunity to earn a fair income.

"Without that opportunity, the farmer has neither freedom of action nor the possibility of demonstrating to the world the significance of the incentive that goes with the operation of one's own enterprise.

"It is in the public interest as well as the farmers' interest to increase farm incomes to levels comparable with other segments of society. It is in the interest of both, as well, to reduce the cost of supporting farm incomes.

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"I believe the program the President has recommended to the Congress will achieve these two goals -- the first because it is necessary to provide opportunity for individual enterprise to be maintained; and the second because it will provide substantially greater flexibility to the farmer as commodity stocks now held by the government are reduced, together with costs to the taxpayer."

The Secretary noted that some of the comments on the administration's Food and Agriculture Program for the 1960's refer to a "hard choice for farmers," and said that these statements have not made clear that the choice between unlimited production with no government program, or balanced production with price supports, is demanded -- not by the administration -- but by the situation that exists.

"Let me review with you some of these facts," Secretary Freeman said.

"First, technological revolution in agriculture is real. It is non-reversible. It is proceeding at a rapidly accelerating rate, as demonstrated by the fact that the rate of productivity advanced in the 1954-59 period was almost double that of the preceding 5-year period. This outstanding productive success of American agriculture confounds our enemies and is the source of envy and emulation in most of the nations of the world. It has brought great rewards to the economy, to the consumer and to hungry people throughout the world -- but not to the farmer who produced this abundance.

"A second important fact, which grows out of the technological revolution in agriculture, is that American farmers can produce more than the market can take, now and in the years immediately ahead. The total demand for food in the United States

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can expand significantly only with population growth. And our production potential is growing much more rapidly than population.

"We are expanding and intensifying our efforts to insure good nutrition for every American -- through special milk and school lunch programs, direct distribution and the food stamp plan. We are striving to make maximum use of Food for Peace to relieve hunger and promote economic development in the emerging nations of the world. We have totaled all of these quantities that we can use effectively over the next few years, and we find that our productive capacity still outruns all that we can use.

"The third fact is that agriculture, made up as it is of millions of individual units, cannot by itself achieve a balance between production and demand. We have learned by experience that lower farm prices do not assure lower total farm output, unless those price declines are so drastic and sustained as to cause wholesale bankruptcy. Rather, lower prices often cause farmers to increase their output in a lonely effort to stay in business.

"A fourth important fact is that farm income is too low. Some two million farm families on inadequate sized units are especially disadvantaged. But this is not all. Hundreds of thousands of efficient, full-time farmers have income substantially below those of comparable non-farm occupations. Farm per capita income averages \$986 as

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compared with a nonfarm average of \$2,282; and hourly returns for all labor on the farm, including that of the owner-operator, average 85¢, as compared with a minimum wage standard of \$1.25 and an average of \$2.19 in industry. These low farm incomes prevail even under current government programs to support farm income.

"But the fifth important fact is that government expenditures to support farm income cannot be expected to continue indefinitely to acquire and store stocks of commodities that we do not need.

By the beginning of 1961 -- when new emergency measures were passed to reduce surpluses -- the Commodity Credit Corporation had over \$9 billion in loans and inventories.

"Let me repeat, then; the supremely important truth is that this 'hard choice' for farmers is demanded -- not by the administration -- but by the situation that exists. The facts that I have just reviewed force us to make a choice. Postponement can only make the choice more difficult, and delay will only prolong the agony of unsatisfactory conditions. It is a mark of maturity to face facts realistically, weigh them in the light of all available experience and knowledge, and then have the courage to make a decision.

"The facts have forced this administration to make a choice between recommending this Program for Food and Agriculture in the 1960's and a course of action that would inevitably lead to no farm program at all."

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The Secretary said that the total implementation of the program would offer bright prospects to the rural economy, since it includes goals beyond those of higher farm income and lower government cost.

"The common-sense program which the President proposed also includes the goal of maximum use of our resources to meet urgent but presently neglected needs of all the people of the United States.

"They include the provision that land will no longer be idled or wasted by the production of things we cannot effectively and efficiently use, but rather will be employed to provide wholesome outdoor recreation for which there is great need.

"They involve a conquest of rural poverty, and rural renewal programs that can do for men, women and children in the country what we expect of urban renewal programs in our metropolitan areas.

"They include progress toward an agricultural economy sufficiently balanced so that the role of government programs and payments will progressively diminish, and sufficiently productive and flexible so that we can meet any needs that may arise and continue to enjoy in the future the blessings of abundance made possible by scientific and technological progress."

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If any of you have ever lived through a February in our Nation's Capital, you will know how deeply I mean it when I say that I am mighty glad to be in California today.

Not that I have been spending much time in Washington, however. This month I am making 14 scheduled speaking engagements -- about one every other day -- Chicago, Harrisburg, Omaha, Philadelphia, Atlanta, Fresno, Spokane, New York, Des Moines, San Francisco, back to New York, with a couple of surprise engagements certain to be sandwiched in -- just to keep me busy.

My reason for taking to the road is a very simple one: I believe it is high time to talk common-sense about the problems of American agriculture -- and it's up to the Secretary of Agriculture to get up off his swivel chair and put the Administration's farm program out on the table before people like yourselves whenever and wherever they're ready to listen.

Some of you are going to like what I have to say; and some of you may not. But let me assure all of you that the Food and Agriculture Program for the sixties, laid before Congress by President Kennedy just a few days ago, represents an all-out attempt to apply practical common-sense to a solution of the problems confronting agriculture as this decade opens. It emphasizes the quadrangle of Abundance, Balance, Conservation, and Development -- the common-sense A B C Ds of agriculture today.

Remarks by Secretary of Agriculture Orville L. Freeman prepared for delivery before a Regional Agricultural Meeting at Fresno, California, at noon (PST), Saturday, February 10, 1962.

It is a program that faces the facts -- even if they are hard facts that some would like to sweep under the rug. It is a program that comes to grips with realities as they exist -- even if the realities are not as pleasant as we might wish. It is a program that offers real choices -- but they are honest choices and fair choices, and the choosing is left to the farmers of the country themselves.

Indeed, I feel certain that no agricultural program in history has left more of the final decision-making to farmers. At every step in every phase of this program, the determination as to what will or will not be done rests basically on the decision of the farmers directly affected. It was designed that way because that is the way it ought to be and the only way we want it.

Let me make it clear that the choices that have to be made are not choices demanded by the Administration. They are choices demanded by the facts of life and of the times. What are these facts?

First: The technological revolution in agriculture is real. It is non-reversible. It is accelerating. Agricultural productivity advanced between 1954 and 1959 at a rate almost double that of the preceding 5-year period. We already know that scientists have developed and placed on the market a new corn variety which yields up to six ears of corn, for example. This astonishing productive achievement has brought great rewards to the economy of the nation, to the American consumer, and to hungry people throughout the world -- but not to the farmer

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Second: The technological revolution in agriculture enables American farmers to produce more than the market can take, now and in the years immediately ahead. The total demand for food in the United States can expand significantly only with population growth. And our production potential is growing much more rapidly than population.

We are expanding and intensifying efforts to make the best possible use of our abundance -- through special milk and school lunch programs, through direct distribution and the food stamp plan for needy families, through Food for Peace shipments to relieve hunger and promote economic development in the emerging nations of the world, through greater efforts to promote U.S. farm products in world markets. But total all of the quantities we can use effectively over the next few years -- and our productive capacity still outruns our needs.

Third: Agriculture, made up of millions of individual units, cannot by itself achieve a balance between production and demand. We have learned by experience that lower farm prices do not assure lower total farm output, unless those price declines are so drastic and sustained as to cause wholesale bankruptcy. Rather, lower prices often cause farmers to increase their output in a lonely effort to stay in business

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Fourth: Farm income is too low. Some two million farm families on inadequate sized units are especially disadvantaged. But this is not all. Hundreds of thousands of efficient, full-time farmers have incomes substantially below those of comparable non-farm occupations. Farm per capita income averages \$986 as compared with a non-farm average of \$2,282; and hourly returns for all labor on the farm, including that of the owner-operator, average 85¢, as compared with a minimum wage standard of \$1.25 and an average of \$2.19 in industry. These low farm levels prevail under current government programs to support farm income.

And fifth: We cannot expect government expenditures to support farm income indefinitely by acquiring and storing stocks of commodities that we do not need. By the beginning of 1961 -- when new emergency measures were passed to reduce surpluses -- the CCC had over \$9 billion in loans and inventories. If it is in the public interest to increase farm incomes to levels comparable with other segments of society, it is also in the farmers' interest to reduce the cost to the public of supporting farm incomes.

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The achievement of these two goals -- improving income and reducing costs -- at the same time, and in the light of the facts I have just summarized, requires that we reduce farm output below needs for several years, and then allow it to increase over the long run at a rate equal to the growth in demand.

These are the facts that have led this Administration to offer a choice between its program for Food and Agriculture in the 1960s and a course of action that would inevitably lead to no farm program at all.

In offering this choice we have consulted with all major farm organizations, with agricultural economists, with committees of producers and with members of the Congress. We have considered those commodity programs that have worked relatively well in the past, and as we evaluated the history of farm programs we have sought ways to apply those principles that have worked to other commodities most in trouble.

We have kept constantly in mind the principles and values that are a part of the American tradition, recognizing:

The value of individual freedom of action to the maximum extent, with only that amount of regulation necessary to sustain the major requirement for the maintenance of individual enterprise -- the opportunity to earn a fair income.

We have sought to recognize the human values involved in any course of action -- or inaction -- that would result in the shifting of men and women out of their vocations and their communities.

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We have sought to recognize the social and cultural as well as economic values of the American family farm system that demonstrates to the world the significance of the incentive that goes with the operation of one's own enterprise.

What is the choice before us?

On the one hand, there is a return to no farm program at all. Not immediately, perhaps; but further drift and indecision, further piecemeal programs that avoid commodities most in trouble, supports that are too low to be adequate for farmers, continued rise in government costs, will inevitably lead to an abandonment of farm programs. This choice would result in such a drop in farm income that a searing farm depression would result. Thousands of bankruptcies, displacement of thousands of families, and further decline of thousands of small towns would follow. For reasons of cold economics, as well as the maintenance of human values, we cannot choose this course.

The other course is the one this Administration has chosen to recommend to the Congress, in the public interest and in the interest of the farmers of this nation. And I want to emphasize that this choice is not such a "hard choice" as it seems at first glance.

On the one hand, the proposed regulations are not so burdensome or restrictive as is sometimes feared. They are similar in nature to regulations that have been in effect for many years for such crops as tobacco, and, as such, they have repeatedly been endorsed by 95 percent of the farmers and by all major farm organizations.

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On the other hand, the choice is softened by the bright prospects that will result from the total implementation of the entire proposed program. For these prospects include not only the goals of lower government costs and higher farm income, but they also include the use of our resources to meet urgent, but presently neglected, needs of all the people of the United States.

They envision land no longer idled or wasted by the production of things we cannot use -- but rather providing wholesome outdoor recreation for which there is great need.

They involve a conquest of rural poverty, and rural renewal programs that can do for men, women, and children in the country what we expect of urban renewal programs in our great metropolitan areas.

They include progress toward an agricultural economy sufficiently balanced so that the role of government programs and payments will progressively diminish, and sufficiently productive and flexible so that we can meet any needs that may arise and continue to enjoy in the future the blessings of abundance made possible by continued scientific and technological progress.

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I can think of no other single State in the Union with a greater stake in this program than the State of California -- not because it offers you more than the farmers of any other State but because your farming is so diversified that nearly every provision of the program applies in one way or another to California agriculture.

For example, the program would strengthen and give greater emphasis to the marketing order system which the producers of California have done so much to develop. Indeed, we have drawn heavily on the experience of the producers of this State in making our recommendations to the Congress regarding the expansion of the marketing order system.

At this point, I would like to clarify the Department's policy on marketing orders. I realize that California farmers are well aware of the value of these marketing tools, and therefore are interested in the manner the Department will use them. First, let me say that marketing orders are an important part of the over-all Food and Agriculture Program for the 1960s, and no changes are contemplated in their basic structure. Second, these are programs which are designed and administered by the industry with the help of the Department. We feel that marketing orders can be useful to farmers, and we will encourage producers to consider using these tools. However, it is their decision. We will help in any way we can. We will not, however, waste our time and the time of the producer if they are not interested.

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Now, back to the bill. We are proposing to the Congress that the grants of food to other nations under Food for Peace be diversified by including commodities other than those in government stocks. Dried beans and peas, dried fruits and other kinds of protein foods would be useful in an expanded Food for Peace Program which seeks to make agricultural abundance into a real instrument of economic development and food sharing.

The legislation also would facilitate commercial export into broader markets by providing for longer term dollar credit sales arrangements on agricultural commodities.

The new proposals also include new authority to encourage greater flexibility in developing the most efficient and useful employment of land and water resources. In a sense, it's an effort to make land resources as mobile as science and technology. Through it, new resources will be available to people in rural areas, thus gradually diminishing the factors which make rural areas less attractive economically than city and urban areas.

We seek here to encourage greater conservation, new industry, community development, expansion of recreational facilities on private land and the ability of farmers to develop efficient-sized family farm units. It is a program, basically, of rural renewal.

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Use of Land Resources

The best projections we have indicate that in 1980 the food and fiber needs of a population of 245 million people can be met by production from 407 million acres of cropland, which is 51 million acres less than the 458 million acres we classify as cropland today. The urgent problem, which requires immediate attention, is to find new productive uses for cropland.

The feed grains and wheat program proposed in the Food and Agriculture Act of 1962 are designed to help solve this immediate problem of a major reduction in harvested cropland acres.

But our goal is not idle land. There is today a great unmet need for land for purposes of outdoor recreation, for wildlife habitat, for green space around our cities. The Report of The Outdoor Recreation Resources Review Commission made last week indicated that resources for wholesome outdoor recreation is one of our greatest needs for the future. And remember that, even with all our existing resources of parks and forests, most of these are at a great distance from the great concentrated masses of our population.

The nation's privately owned croplands and farms hold a major potential for wildlife conservation, for hunting and fishing, and for many other kinds of outdoor recreation. Already more than 85 percent of our hunting land is privately owned, and most of our game is produced on farms and ranches. There is tremendous opportunity for community recreational development in and around the small lakes and ponds being

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developed in Watershed projects under Public Law 566 that is just becoming apparent. And opportunities for farmers to increase their own incomes and meet real needs by developing, on their own land, facilities for fishing, camping, picnicking and other outdoor recreation challenge the imagination.

Title I of the Proposed Act provides for changes in existing conservation, land use, and watershed protection and flood prevention programs to provide new authority for the Secretary of Agriculture to promote the conservation and economic use of land:

1. By acquiring land not currently needed for agricultural use to be developed and used for public recreation and protection of fish and wildlife;
2. By long-term agreements with farm operators and owners; and
3. By providing assistance to local organizations in acquiring, developing, and maintaining selected reservoirs or other acres in watershed projects for public recreation and fish and wildlife.

Authority would be given to the Secretary, by proposed amendment to the Soil Conservation and Domestic Allotment Act, to promote conservation and economic use of land through long-term agreements with farm operators and owners. Under these agreements, which could not exceed 15 years, payments would be made for changes in cropping systems and land uses, and for other measures to conserve and develop soil, water, forest, wildlife, and recreational resources. The cost of establishing conservation measures could be shared by the Government.

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The Bankhead-Jones Farm Tenant Act would be broadened (through amendment of Title III of that Act) to include development of public recreation and fish and wildlife protection.

This new authority would enable the Department to initiate the series of "pilot and demonstration land-use projects" mentioned by the President in his Message on Agriculture to the Congress, January 31, 1962.

Under the proposed amendment of the Watershed Protection and Flood Prevention Act, Federal help to local organizations would be authorized for development of public recreation and fish and wildlife in selected reservoirs and other areas in watershed projects.

When a local organization agreed to operate and maintain a reservoir or other area for public recreation or for fish and wildlife development, the Secretary could:

1. Bear or share the cost of the land, easements, or rights-of-way acquired by the local organization for these purposes, and
2. Advance funds to the local organization for acquisition of the land, easements, or rights-of-way that are necessary to preserve sites for reservoirs or other areas from encroachment by residential, commercial, industrial, or other development.

Recreational Use in Watershed Projects

Under the proposed amendment to the Watershed Protection and Flood Prevention Act, reservoir sites could be selected as pilot or demonstration projects for enlargement and for development for public recreational use and promotion of fish and wildlife.

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The cost-sharing features of the proposed program would be assurance that the projects would be planned only where there is a public demand, present or foreseeable, for additional recreational facilities.

With recreation as an accepted project purpose, watershed projects could be justified in many areas where other benefits do not now justify the costs.

The potential for use of land to meet needs for all forms of outdoor recreation challenges the imagination. With programs to encourage this adjustment in land use, and to encourage conversion of cropland to grass and to trees, we could improve farm income at the same time as we make a major contribution to the welfare and the interests of the people of the entire nation.

Development of Human Resources and Renewal of Rural Communities

Land use adjustment will be an integral part of a program of rural renewal -- a program to bring new life and health to all of our rural communities, and particularly to those where rural poverty has been especially critical.

Already there is far too much poverty in rural America. Among the 54 million people in rural areas there are 4.1 million rural families with a total money income less than \$2,500; while among the other 131 million people in the rest of the nation 3.9 million families have incomes below that amount. These areas include 2 million farms -- 60% of our farms -- that together produce only 13% of farm products sold. Most of these farm families reflect underemployment and poverty that is due to inadequate resources of land, or other capital investment, or of human skill and ability, or some combination of these factors.

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Effective programs for rural area development to meet this problem include measures to encourage the formation of economically viable family sized farms, and the diversion of some of the land to recreation, conservation, the growing of trees, and wildlife preservation. They include the renewal of rural communities by helping to create new industrial and commercial enterprises and better community facilities. They include vocational and other educational opportunities that are basic to the development of a strong and prosperous rural area. Rural renewal programs in the country can be as constructive and important in strengthening the values of American life as urban renewal programs in our cities.

Our Rural Area Development program has started us on the way. The provisions in both Title I (referred to above) and Title V (expanding the purpose and function of the Farmers Home Administration to include loans for shifts in land use and for recreational uses) of this Act would enable us to move these programs more rapidly.

By bringing resources to the people in rural areas, by encouraging new employment through industrial and commercial development, by strengthening full and part time farming operations, by protecting and conserving natural resources, by making the most of human resources through improved educational opportunities, and by assisting in providing community facilities and new recreational opportunities, we can help to conquer rural poverty and build in rural America communities of which we can all be proud, which will serve to strengthen the American way of life.

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Balanced Production

Programs for rural development, for better use of land, and for expanding utilization of our abundance can make their maximum contribution to a comprehensive farm program only if accompanied by measures to achieve a balance in production of those agricultural commodities that are now in substantial surplus. New, permanent programs are urgently needed for feed grains, wheat, and dairy products.

Feed Grains

For 9 consecutive years in the 1950s the feed grain carryover rose, until carrying charges reached an annual rate of about \$500 million in the 1961 fiscal year. The programs responsible for these results guaranteed price supports to producers but contained no effective means of adjusting output. Fortunately this trend has been reversed as a result of the 1961 emergency program. The program now in effect is in operation for 1962 only. Without new legislation this year we would revert to the program of the late 50's -- the program that failed then and would fail again.

Common sense demands that we recognize that the rapid increase in carryovers and costs that would ensue would mount to such heights that the structure would topple under its own weight.

Nor can the problem be met by an indefinite continuation of the voluntary type of program we have now. For voluntary programs can reduce production only so far as funds are available in sufficient amounts to provide incentives for participation. A long range voluntary program would become increasingly expensive, until this too would become too costly to continue.

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The only choice that remains, therefore, as an alternative to the abandonment of support programs, is an application of the principle of managed abundance to the production of feed grains. The program incorporated in Title IV of this bill builds on our experience with commodity programs that have worked successfully year after year, with the overwhelming approval of producers, for such commodities as cotton and rice. The democratic procedures that have worked so well for these crops can be successfully adapted and applied to feed grains. Both the rights of producers to choose programs democratically, and the duty of the Government to spend its resources wisely, are protected under the program recommended here.

The program is designed to reduce CCC stocks to desirable levels in about 5 years. After that, feed grain acreage and production could be increased. And to the extent that lands diverted from grain could be grazed or otherwise used under new programs for land use adjustment, diversion payments could be reduced without damage to farm income.

Wheat

Wheat problems parallel those of feed grains. The programs that failed in the 1950's will become effective again for the 1963 crop unless new legislation is passed this year.

Under our recommended program for wheat, as for feed grains, marketing quotas and acreage allotments would be established, land would be diverted to conservation usage, quotas would not go into effect until approved by two-thirds of the producers, and supports would be available only

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if quotas are approved. The reduction of stocks held by the Government would be reduced by the producers themselves if they approve the quota. If they did not approve such quota any stock reduction would have to depend on government action, and the CCC would therefore be authorized to sell up to 10 million tons in the case of feed grains and up to 200 million bushels in the case of wheat. There is only one reason for the CCC to sell wheat or feed grains in the event no supply management program is in effect. This would be the only way to reduce inventories and decrease the cost of maintaining stocks -- a major purpose of this legislation. It is absurd to assume that any such disposal program would be operated for the purpose of depressing the market. On the contrary, utmost care would be taken to prevent that result.

Under the proposed wheat program price support would be keyed to domestic and export wheat marketing certificates. Wheat marketed with domestic certificates would be supported at about the present range, other supports would be lower. The program would operate to protect producer incomes, and to reduce carryover and government costs. It is expected that stocks would be reduced to a desirable level within 5 years.

Dairy Products

A new program is proposed to correct a very serious imbalance in dairy production. While milk production has not increased as much as the increase in population, an unexpectedly sharp decline in per capita consumption of milk and most milk products has resulted in a serious oversupply and mounting government costs.

The present law provides that under such a supply situation supports must return to 75 percent of parity. Under the program we are recommending

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supports could be maintained or increased if producers vote to accept marketing allotments to bring supply more nearly into balance. To avoid impairing farm income and the disruption of markets while this program is being considered by the Congress and until it can be voted on by the producers, we have recommended that Congress extend authority to maintain milk supports at their present level until December 31, 1962.

The program we propose for the balanced marketing of our milk production would provide allotments for each producer on which he would receive support up to 90 percent of parity, and would provide for the payment of surplus marketing fees by the producer on the amount marketed in excess of his allotments. These fees would be used along with government funds to purchase surplus dairy products. The cost to the Government would be reduced to the cost of acquiring those quantities that can be utilized in the national interest, whether producers accepted the new program or not. Dairy farmer incomes could be maintained and progressively improved by the acceptance of the program.

Here, again, there is a choice between supply management and adequate incomes for farmers on the one hand, and on the other an unrestricted production that will push government stocks and costs up too high to be sustained, while still failing to provide adequate farm income. We cannot find acceptable outlets for the large volume of butter that is being acquired -- about 400 million pounds this year. If the present law remains in effect, and we support dairy prices at the level of 75 percent of parity as required by that law under the existing supply situation, farm income would be reduced substantially while government costs would continue to be

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excessive (about \$440 million next year).

The common sense choice for this government is to enact legislation to permit dairy farmers themselves to choose whether they want a sensible program of managed marketing under which they can achieve a fair income, or whether they want to take their chances on what will happen to both production and income under no program at all.

These three new programs relating to the commodities most out of balance today would enable us to progress toward the elimination of surpluses, the reduction of government costs, and higher farm income in the decade of the 60s. Together with the other programs already described, for adjustments in land use and development of rural areas, we can make substantial progress in the decades ahead toward a balanced agriculture in which government programs and payments would play a steadily diminishing role -- an agricultural economy sufficiently productive and flexible to meet all foreseeable needs.

Use of Abundance

In every case, the balance would be sought in terms of maximum use of our abundance of food and fiber, both at home and abroad.

It is my deep conviction that this nation can live up to its moral obligations, and its leadership responsibilities only if we do our utmost to see that no one in the United States lacks a nutritionally adequate diet, and to make maximum effective use of our abundant agricultural productivity to relieve suffering and promote economic development abroad.

This past year has witnessed a notable expansion of programs for increased utilization of food.

Eighty-five thousand schools, child care centers and camps are

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receiving more fresh milk than ever before. Eight hundred thousand more children enjoy a hot school lunch. Both the quantity and the variety of food distributed to more than six million needy persons has been stepped up. A pilot food stamp program in eight communities has brought such encouraging results that its expansion in a further trial period is justified and will be carried out.

We have likewise expanded our use of food in the foreign aid program under P.L. 480. Last year the Congress passed amendments extending and improving that Act. In order that our Food for Peace program can be made even more effective, the bill provides:

- (1) an amendment of Title II of P.L. 480 to permit shipments of surplus commodities not in CCC inventory, which at present can be made only for animal fats and vegetable oils;
- (2) provisions to broaden Title IV to include market development possibilities;
- (3) a new Title V to promote multilateral programs for food aid by authorizing the President to negotiate and carry out agreements with international organizations and other inter-governmental groupings involving grants of agricultural commodities.

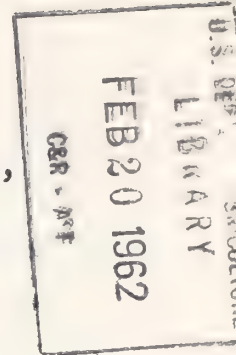
These changes will enable us to make greater use of the abundant production of our farms for the development of future markets for U.S. farm commodities and in support of our overall foreign aid program.

I have just reviewed a comprehensive, common sense, ABCD program for Food and Agriculture in the 1960s.

It seeks maximum use of our abundant productive capacity. It would balance that production with the amount that can be used under these intensified programs. As an integral part of this effort we would exercise sound principles of conervation through new programs to adjust the use of our land to the great unmet needs of this and future generations. By this adjustment and by other means -- notably by bringing credit and guidance, new industry and new opportunities, to rural areas -- we would direct our programs toward the maximum development of human resources and renewal of rural communities.

I sincerely commend this program to your serious consideration.

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3 7 12/962 Secretary of Agriculture Orville L. Freeman said today in Spokane, Wash., that the Food and Agriculture Program for the 1960's proposed by the Kennedy Administration is "demanded by necessity and dictated by need."

He spoke at the evening banquet of the Ninth Annual Meeting of the Pacific Northwest Forum, sponsored by the Agricultural Bureau of the Spokane Chamber of Commerce. In commending the Forum for fostering better understanding, greater good will, and mutual respect among farmers and businessmen, Secretary Freeman said:

"It is through meetings of this kind that we must carry to the man on Main Street, the worker in the factory, the housewife in the kitchen, the teacher in the school, the lawyer, the doctor, the grocer, the butcher, the banker, the facts about agriculture in the 1960's -- its contributions, its needs, its problems.

"A new, comprehensive, national farm program that will enable agriculture to play its full role in national prosperity and security, that will promote a steadily rising standard of living in America, and that will enhance prospects of world peace, is demanded by necessity and dictated by need," the Secretary said. "The choice that lies before us, concerning agriculture in the 1960's, is a choice that is demanded not by the Kennedy Administration but by the situation that exists.

Summary of remarks by Secretary of Agriculture Orville L. Freeman before Ninth Annual Meeting of the Pacific Northwest Farm Forum, Spokane, Washington, February 12, 1962, 6:30 p.m. (ST).

"Refusing to recognize facts will never alter their existence or cause them to disappear. American agriculture has had a technological revolution -- even a technological explosion. Not only is it still going on, it is, in fact, only in its beginning stages and its pace is increasing. Between 1954 and 1959 farm productivity advanced at a rate almost double that of the preceding 5-year period, and this in turn was almost double the advance of the preceding 5 years.

"What few people realize is that the benefits of this productivity have passed through the farmer to the consumer. We hear a lot of talk today which criticizes the farmer for a great many things, but there seems to be a policy of planned scarcity about the facts on the enormous contribution made by the farmer to our high standard of living.

"Food in the United States is a bargain because the farmers have made it so. Ten years ago, the head of the house had to work on the average about 59 hours to pay for a month's food produced by the farmer. Today, it takes only 38 hours.

"Actually, farm food costs at retail levels have increased only 13 percent over the past decade while non-food living costs rose 32 percent -- and the pay envelope increased 72 percent on the average. The reason that food costs have risen so little in comparison, is that the farmer gets 13 percent less for his produce today than he did 10 years ago. In effect, as he became more efficient, his income declined -- and unless we develop new programs to help him meet the challenge of technology, we can expect the farmer to continue subsidizing the consumer.

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"Not only can American farmers now produce more than the market will take and which can be effectively used -- they will continue to be able to do so as far ahead as we can foresee.

"Agriculture's potential to produce is growing much faster than population. Despite every practical effort that has been ~~proposed~~ to expand our efforts to insure good nutrition for every American and to relieve hunger and promote economic development abroad, agriculture's productive capacity is still greater than we can effectively use.

"To devote millions of acres, thousands of farm machines, and many, many millions of man-hours of labor, skill, and management to the production of farm commodities which lie in storage at taxpayers' expense and at heavy economic cost to farmers, is a tragic misuse of agricultural resources.

"Agriculture's 3.7 million individual farm units cannot themselves achieve a balance between production and demand. We have learned this lesson again and again throughout U.S. history, but especially in the four decades since the end of World War I. The price mechanism of the marketplace under conditions of excess supply does not work for agricultural balance, but against it. Low prices do not curtail production unless they are so disastrously low as to cause wholesale bankruptcy and a tragic agricultural depression.

"The cold facts are that agriculture by itself cannot achieve balance -- taxpayers will not continue indefinitely to underwrite the expenditure of billions of dollars to acquire farm commodities unneeded by the economy -- and farmers should not be expected to go on working for a per capita income only about two-fifths as high as that of nonfarm persons, or for an hourly wage that averages out at 82 cents compared with \$2.19 for industry.

"What are the facts?

"1. The technological revolution in agriculture is real. It is non-reversible. It is proceeding at a rapidly accelerating rate, as demonstrated by the fact that the rate of productivity advance in the 1954-59 period was almost double that of the preceding 5-year period. This outstanding productive success of American agriculture confounds our enemies and is the source of envy and emulation in most of the nations of the world. It has brought great rewards to the economy of the nation, to the American consumer, and to hungry people throughout the world -- but not to the farmer who produced this abundance.

"2. The second important fact, which grows out of the technological revolution in agriculture, is that American farmers can produce more than the market can take, now and in the years immediately ahead. The total demand for food in the United States can expand significantly only with population growth. And our production potential is growing much more rapidly than population.

We are expanding and intensifying our efforts to insure good nutrition for every American -- through special milk and school lunch programs, direct distribution and the food stamp plan. We are striving to make maximum use of Food for Peace to relieve hunger and promote economic development in the emerging nations of the world. We have totaled all of these qualities that we can use effectively over the next few years, and we find that our productive capacity still outruns all that we can use.

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- " 3. The third fact is that agriculture, made up as it is of millions of individual units, cannot by itself achieve a balance between production and demand. We have learned by experience that lower farm prices do not assure lower total farm output, unless those price declines are so drastic and sustained as to cause wholesale bankruptcy. Rather, lower prices often cause farmers to increase their output in a lonely effort to stay in business.
- " 4. A fourth important fact is that farm income is too low. Some two million farm families on inadequate sized units are especially disadvantaged. But this is not all. Hundreds of thousands of efficient, full-time farmers have incomes substantially below those of comparable non-farm occupations. Farm per capita income averages \$986 as compared with a nonfarm average of \$2,282; and hourly returns for all labor on the farm, including that of the owner-operator, average 85¢, as compared with a minimum wage standard of \$1.25 and an average of \$2.19 in industry. These low farm incomes prevail even under current government programs to support farm income.
- " 5. But the fifth important fact is that government expenditures to support farm income cannot be expected to continue indefinitely to acquire and store stocks of commodities that we do not need. By the beginning of 1961 -- when new emergency measures were passed to reduce surpluses -- the CCC had over \$9 billion in loans and inventories.

"The actual ultimate choice confronting agriculture and the nation is between a program that will reduce farm output of excess crops below need for a period of years -- after which production could increase at a rate equal to the growth in demand -- and no farm program at all," the Secretary said.

"It might be possible to placate city taxpayers and consumers a little longer -- and to give farmers more palliatives so they'll stick it out on their substandard incomes while the nation pursues a policy of drift and indecision," the Secretary said. "But it would most assuredly lead inevitably to the eventual abandonment of farm programs to improve income and adjust production.

"And if this happened it could very well usher in an era of wholesale farmer bankruptcies, the squeezing of farm families off the land, an acceleration in the decline of a multitude of small towns in rural America, and an extremely serious threat to the continued existence of the family farm pattern of American agriculture.

"The Kennedy program is not something previously untried in America. We have studied those commodity programs which have worked, and are working relatively successfully, and we seek to apply the principles of those programs to the problem commodities of feed grains, wheat, and dairy products.

"The regulations we propose are similar to those that have been in effect for many years for such crops as tobacco, cotton, and rice. These programs have repeatedly been endorsed by the overwhelming majority of producers of these crops, as well as by all farm organizations.

"The Kennedy Administration stands for freedom in agriculture -- the freedom for farmers to make a good living -- the freedom for agriculture to fulfill its responsibility of producing for the needs of this nation.

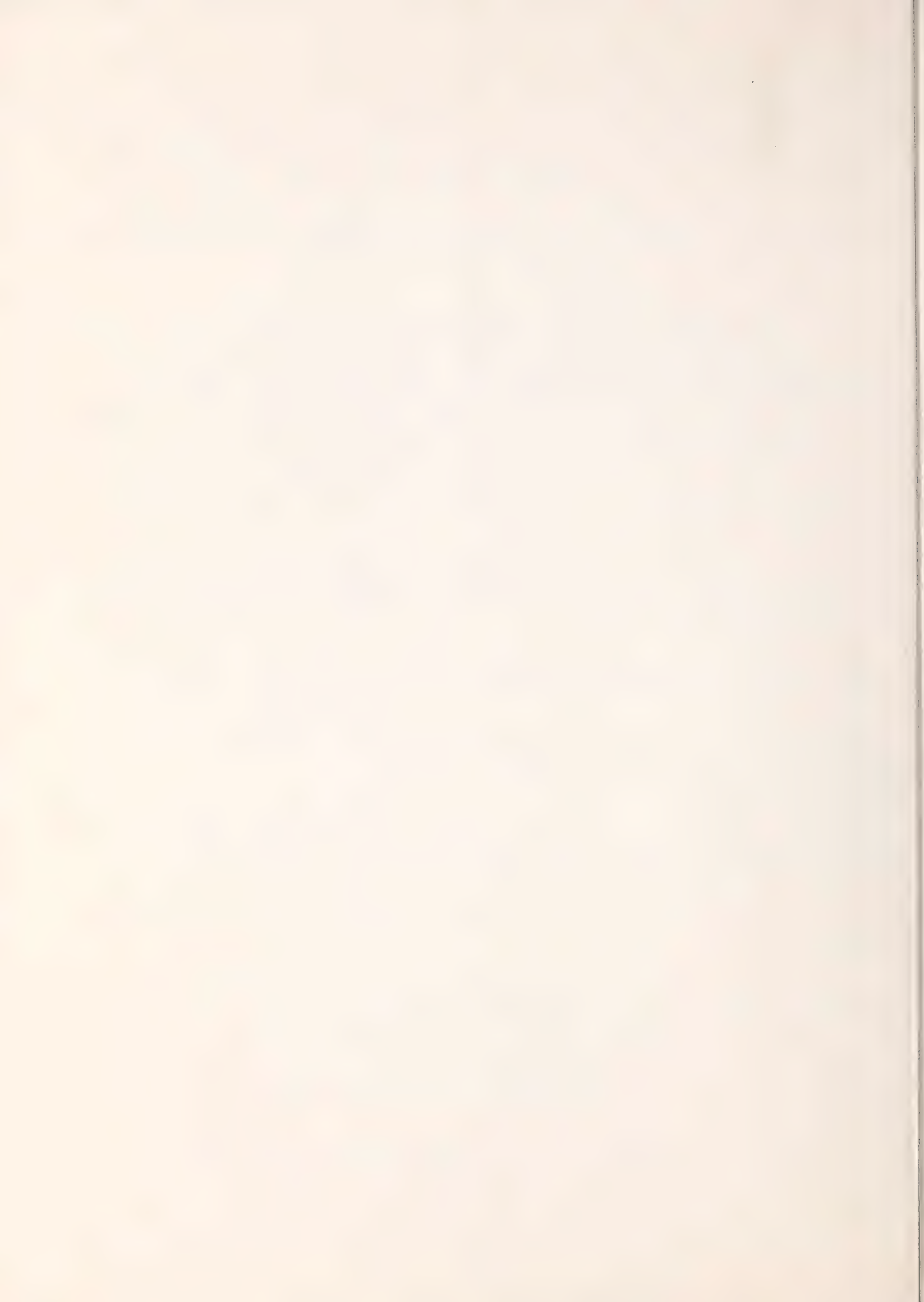
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One of the most basic requirements in maintaining individual free enterprise is the opportunity to earn a fair income. That opportunity surely does not exist as fully as it should in America when over half the U.S. families with total money incomes of less than \$2,500 live in rural areas. Of 8 million families in this group, 51 percent are rural, though rural people make up less than 29 percent of the total U.S. population.

"The program we propose certainly is not perfect, but we know the basic approach of balancing production with total effective use does work -- and it can be made to work to cope with those commodities now in excess supply. We are not faced with a clear choice between black and white, but with two or more imperfect alternatives. Wise decisions are made on the basis of which alternative, in the light of available facts, serves the needs and the good of the greatest number. It is by that test that the Food and Agriculture Program for the 1960's should be judged.

"When the choice is clearly seen as one between supply management, wise use of land resources, and more adequate income for farmers, on the one hand, as against continued overproduction, mounting costs, waste of agricultural resources, further loss of income to farmers and the eventual breakdown of all farm programs -- there can be no question but that the Administration's program is demanded by necessity and dictated by need."



FEB 23 1962

GDR - ATF

Less than a year ago we launched the 1961 emergency feed grain program.

12, 1962
Its success is a testimony to the efforts of those of you who are here today and your fellow workers in the field, as well as to the farmers who cooperated to help themselves and the nation. We are here now to open the 1962 feed grain signup.

But before we address ourselves to the challenge of 1962, it is appropriate that we review together the success of the 1961 program. Largely because of the dedicated work of the ASC Committees -- State and local -- the feed grain program was a smashing success. It more than met every target that I told the Congress we expected to reach. Further, it proved that the farmers of America want and will cooperate with "common sense" farm programs tailored to meet the challenge of the New Frontier in Agriculture. As Al Smith used to say, "Let's look at the record."

The magnificent response of more than a million farmer-participants in last year's program brought an abrupt halt to a 10-year trend of ever-increasing supplies of feed grains.

The feed grain program, coupled with other positive measures taken in the months since last January, reversed the downward spiral of farm income.

The billion-dollar increase in net farm income last year was a welcome change from the steady, dreary declines during the past several years.

Make no mistake, this increased farm income is being felt throughout our economy. It is being reflected in the industrial areas of the Nation and along the Main streets of the thousands of towns in farm and ranch country -- and this has been chronicled on the news pages of many of the leading newspapers.

Statement prepared for delivery by Secretary of Agriculture Orville L. Freeman at the third regional meeting of the Agricultural Stabilization and Conservation Service to kickoff The 1962 Feed Grain Program, Ridpath Hotel, Spokane, Wash.; 3 p.m., (PST), Feb. 12, 1962.

The Wall Street Journal, for example, last fall sent their competent reporting team into the farm areas to find out what was happening. They found that, according to bankers and other business men in small and large agricultural towns in this great midwestern region, purchases of farm machinery, consumer goods, and other supplies were up from 10 to 15 percent....an increase generated by the upturn in farmers' economic well-being.

The Kansas City Star reported that Federal Reserve officials found the Kansas City district doing well "thanks to the good agricultural situation."

Last spring the Minneapolis Morning Tribune attributed the pickup in retail sales in southern Minnesota to the money received by farmers in the feed grain program.

In early fall, Fortune magazine ran an article under the heading "Farm Prosperity: Made in Washington" in which this statement was made: "...1961 will go into the record books as the best farm year since Korea-- on some counts, the best ever." Aside from the fact that the heading ignored the part played by farmers, this was a good report.

While a scattering of news sources were reporting these significant developments in agriculture, the editorial pages and presumed friends of the farmer were echoing and re-echoing questionable charges against the feed grain program.

Many who have been repeating these are, of course, misinformed or misled. Unfortunately, this sort of thing happens all too often to American agriculture, which is one reason why the public has failed to recognize the great success that American Agriculture really is.

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One of the more popular of the misleading slogans used in attacking the feed grain program was "the billion-dollar bust."

If it is a "bust" to roll back feed grain production, to halt the buildup in stocks, to improve farm income, to move millions of bushels out of the government's inventory, and to save more than half a billion of the taxpayers' dollars, that must be a new way of pronouncing s-u-c-c-e-s-s.

Let's take a look in even more detail at the facts.

Within the past few days, a comprehensive survey of 1961 program results showed that the corn carryover next October 1 will be 1.8 billion bushels--200 million bushels less than on October 1, 1961, and 550 million bushels less than it would have been if farmers had not cooperated in the program and reduced production. The increase in the grain sorghum carryover has been halted too. It will be 150 million bushels less than it would have been next October 1 because of the cooperation of farmers.

Both corn and grain sorghum production in 1961 were well below the levels of the past two years even though favorable weather pushed yields to record highs. Harvested acreage of all corn was the lowest since 1882.

For the first time since 1952, feed grain production is below consumption. This is providing an opportunity to use up stocks accumulated as a result of stimulated and unwise production levels in recent years.

The program accomplishments translate into tremendous government savings.

Without a program, government holdings would have increased by 500 million bushels for corn and 150 million bushels for grain sorghum. Instead,

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there will be a sizeable decrease in government stocks and -- let me repeat -- a reduction in the carryover of all feed grain of about 275 million bushels.

Payments of around \$780 million to farmers for diverting land out of production are much more than offset by the savings in acquisition, disposal handling, and interest costs. Net savings will be nearly \$600 million below what costs would have been without the program.

We have heard predictions of demoralized feed grain markets, price breaks, and price clubs. But nothing of the sort has come into being.

When we launched the program in Omaha last year, a promise was made to participants that they could expect to benefit by diverting their feed grain acreage to conserving uses. Further, the users of feed grains and the consumers of livestock products were assured of reasonable and stable prices. These promises have been kept.

The program has brought about a record movement of feed grains out of government holdings and into consumption. Prices of corn and grain sorghum have been kept stable at around the levels of a year ago. Consumer interests have been protected against unwarranted increases in costs of food.

I want to quote the objectives of the feed grain program as I stated them a year ago:

"The program can accomplish four things:

"1. Help increase farm income.

"2. Help assure the consumer of a continuation of fair and stable prices for meat, poultry and dairy products.

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"3. Reduce the ultimate costs to taxpayers by about \$500 million.

"4. Prevent further buildup of the feed grain surplus and [note this] possibly reduce it."

We were too modest in our expectations.

Another catchy phrase used to deride the efforts of more than a million farmers taking part in the program has been "phantom acres."

At the risk of using too many figures, I want to be very specific--- this is a charge that needs to be nailed.

A check of feed grain acreage on participating and non-participating farms reveals the true facts.

While participants were reducing their acreage even more than diversions under the program, acreage of feed grains on non-participating farms was increasing. The check shows that participants underplanted their permitted acreages by 6.2 million. Non-participants increased their acreages by 6.7 million.

Let's take this further. While the law based acreages to be used in the program on average 1959-60 plantings, it also wisely recognized the need to make adjustments for abnormalities and inequitable situations that might exist among farms. As a result, base acreages used under the program were higher than the simple 1959-60 planted-acre averages. But participants underplanted their actual 1959-60 acreage by 2 million acres more than the 25.2 million acres for which they received diversion payments.

A part of the effort by participating farmers to stop unneeded production was nullified by acreage increases on other farms. The increases

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by non-cooperators could not be known at the time the critics were trying to show discrepancies in program figures and to create their "phantom acres." Now, however, the facts should phantomize the "phantom acres" into thin air--the same thin, hot air from which they came.

Note, however, that the new facts do display a weakness in the program. This weakness is a major reason to move ahead to a long-range program under new legislation. The new facts reveal that the non-cooperator can too easily nullify the good done by the cooperator. But for this year, we must use the 1962 program and make it work to maintain our momentum and build upon the results already achieved despite the handicap.

Those of us in agriculture must face the realities of today. Business as usual at the same old stand is not enough. There is increasing disenchantment by farm and non-farm groups, alike, with the high costs of government programs that fail to face basic problems and to provide permanent long-range answers that benefit all Americans. We have a new opportunity in the 1962 feed grain program to show the rest of the Nation that farmers are willing to cooperate to reduce some of the cost of programs to taxpayers. Another successful feed grain program year will add great strength to our efforts to arrive at long range permanent answers to the wonderful but frustrating paradox of American agriculture.

Last year the farmer committee system demonstrated that it is a vital, going operation, needing only the opportunity to serve. On short notice, because the situation demanded immediate attention, the feed grain program was recommended by the new administration and passed by the Congress.

We brought you a complex program. You of the State and county

(more)

committees brought the program to the farm. It is here that success or failure is determined. You gathered yield and acreage information to make the program work. You at the local levels made the judgments--at the only place where these judgments can be effectively made. Your dedicated energy culminated in an outstanding program.

Let me assure you the urgency is no less this year. Adjustment of feed grain production must be continued, to the benefit of feed grain producers, livestock dairy, and poultry producers, and taxpayers.

By participating in 1962, farmers will:

---continue to reduce the costly pileup of feed grains in government ownership.

---take better care of our national soil and water resources by applying needed conservation measures on cropland taken out of intensive corn, grain sorghum, and barley production.

---save dollars for every citizen through further reductions in government costs of storing, shipping, and handling government-owned grains.

---get income immediately at sign-up time if they wish.

---save a large part of the planting and harvesting costs on the acreage put into conserving uses.

---be assured of price support on their 1962 production at national average prices of \$1.20 per bushel for corn, \$1.93 per hundredweight for grain sorghum, and 93 cents per bushel for barley.

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However, this is not just a dollars-and-cents proposition, although it is good from that standpoint. I say again as I said a year ago: This is not merely a sharp pencil program. Sharpen your pencil and figure it out, of course. You owe it to yourself to do that. But also go a step beyond. Many who participated in last year's program did so in no small measure out of a desire to make a contribution toward a healthier agriculture. The million plus farmers who did this are to be both complimented and congratulated. It is equally, if not more important, that we have the same public spirited response to the 1962 program.

Some tell me that the winter wheat producers are not actually making the voluntary diversion they are now signed up for. I believe that they will continue to cooperate both as good citizens and because they believe in a strong wheat program.

We hear that the 1962 feed grain program won't attract cooperation. But I am confident that again our farmers will vigorously support it as they did in making the 1961 program work so well. I repeat -- I expect support because the program is active and because feed grain farmers want a feed grain program, but also because they are good citizens cooperating to solve a problem.

We hear that feed grain producers will never accept a long range supply management program with protection for cooperators against nullifying activities of non-cooperators. I have confidence that producers do recognize that such a program -- one that applies common sense to the technological facts of life -- will get for such a program the dirt farmer support it must have to pass the Congress, and to be as successful in practice as has been the emergency feed grain program of 1961.

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Let us then look forward with confidence. We are strengthened by the experience gained in 1961. We will do better in 1962.

You the ASC committeemen carry great responsibilities in meeting these challenges.

The President of the United States is counting on you.

The Secretary of Agriculture is counting on you.

The people of the United States are counting on you.

We know you will deliver.

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Washington, February 15, 1962

Statement by Secretary Freeman at News Conference, Feb. 15, 1962:

Over the past 16 days I have spoken before 12 farm meetings of one type or another -- to more than 12,000 farmers and persons in farm related enterprises. I have spoken personally to a great many of these people. I wish that I could have had more time to speak to more of them.

I have found a strong and deep interest in the farm proposals sent to the Congress Jan. 30 by President Kennedy -- including both support and opposition. But in the main, there has been a heartening sign of concern with the questions facing agriculture and the farmer, and a willingness to discuss them rationally and sensibly.

In every place I have visited these past two weeks -- the mid-west, the northeast, the south and the west -- the size of the farm audience has been both surprising and challenging. Judging from the comments here in Washington, I would have assumed that there was little interest in the farming sections of the nation towards the President's program. This trip has convinced me that this is not true. In Chicago, for example, between 1,500 and 2,000 farmers kept me busy for three hours answering questions about the farm program. There were nearly a thousand in Harrisburg, over 2,500 in Atlanta -- and the questions from the farmers indicated a lively, inquiring interest in the farm proposals.

This same degree of interest is reflected by the healthy number of requests before the Senate and House committees by those who wish to appear and testify on the bill. We are receiving substantially more requests for information on the President's proposals than was the case a year ago from the Congress.

I have found on the trip that when the questions involving farm policy are presented and discussed without the emotional baggage of cliches and imagined horror, farmers are eager to discuss the facts about the current situation in agriculture and the alternatives which they present to agriculture. Few of

the questions reflected anything but concern for the future economic trends in agriculture. There is more than just minor awareness that adjustments will have to be made in American agriculture. There is a generally optimistic feeling that 1962 will be another good year in farming. But this feeling is tempered increasingly with the realization that approaches to the problems of agriculture which were developed during the past decade will not suffice for the 1960's.

I do not know, nor would I attempt to guess, how many were convinced that the ABCD farm proposals provide the answer to agriculture's needs. But I do know that farmers are realizing that the alternatives which the program presents in balancing production with total use are defined by the current situation and not by any administration or by any one man.

I found no argument to challenge these facts, but I did find that farmers wanted to hear these facts and to discuss their implications. Farmers are not greatly interested in emotional incantations or in the phantom game of name calling.

There is a growing interest in the programs to develop recreational resources as income earning uses for land and water, and farmers are coming to realize that the land can produce income by growing recreation as well as food.

This interest is reflected in both city dwellers as well as in farmers. People living in cities and metropolitan areas are seeking expanded recreation opportunities, and in many instances farmers already have found them willing to pay for the opportunity to hunt or fish or swim or picnic on land owned by the farmer.

The trips around the country have been very stimulating. There is a realization that changes in agriculture are going to continue and that the farmer is going to have to live with those changes and adjust to them.

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What are these facts?

First: American farmers can produce more, now and in the years immediately ahead, than we can use effectively -- even with the most sincere effort practicable to achieve maximum distribution to those in need at home and abroad. This productivity is the result of the way the efficient American farmer is adapting to the technological revolution in agriculture. This revolution is real and non-reversible. It is proceeding at a rapidly accelerating rate, as demonstrated by the fact that the rate of productivity advance in the 1954-59 period was almost double that of the preceding 5-year period. This outstanding productive success of American agriculture confounds our enemies and is the source of envy and emulation in most of the nations of the world. It has brought great rewards to the economy of the nation, to the American consumer, and to hungry people throughout the world -- but not to the farmers who produced this abundance.

Second: The millions of individual units that make up American agriculture cannot in themselves achieve a balance between production and demand. We have learned from experience that lower farm prices do not assure lower farm output, unless those price declines are so drastic and so sustained that they result in wholesale bankruptcy. Rather, lower prices tend to cause farmers to increase their output in a lonely effort to stay in business.

Third: Farm income is too low. Even for the one and a half million most efficient farmers, for this 40 percent of our farmers that produce 87 percent of our farm commodities, incomes average less than non-farm income returns for a comparable investment of capital and labor. And for the other 60 percent, income deficiency is so stark that it calls for a special attack on rural poverty.

Fourth: Government expenditures to support farm income cannot be expected to continue indefinitely, to acquire and store stocks of commodities that we do not need and cannot effectively use. A nation in which farmers constitute a constantly dwindling minority will not long continue programs that involve rising costs with no prospects of a solution.

These facts constitute a part of the framework within which any realistic common sense farm program must operate.

There is one other important aspect of the situation that plays a key role in our ABCD program for the 60s. That is the great unmet need for land for purposes of outdoor recreation, for wildlife habitat, for areas of natural open space around our cities. This has been described by the Outdoor Recreation Resources Review Commission as one of our greatest needs for the future.

It seems certain that the years ahead will bring tremendous growth in population, a greatly increased proportion of leisure, and rising consumer

incomes. Yet most of our great existing resources for outdoor recreation -- our great parks and forests -- are far from the great centers of population.

On the other hand, much of our privately owned cropland is located much nearer the great centers of population. Some such land, which is only marginal in terms of farming, has almost limitless possibilities for conservation and recreation use. Adjustment in the use of such land could result in unmeasurable benefits for both its owners and the nearby urban population.

Our farmers have given us an abundance of food and fiber that has formed the base of national growth and a high standard of living. As our unmet needs have shifted from food and clothing to facilities for outdoor recreation, our farmers can contribute materially to bringing about an abundance in this field, too, in which there now exists a serious scarcity.

Programs for Use of Land Resources

The nation's privately owned croplands and farms hold a major potential for wildlife conservation, for hunting and fishing, and for many other kinds of outdoor recreation. Already more than 85 percent of our hunting land is privately owned, and most of our game is produced on farms and ranches. There is tremendous opportunity for community recreational development in and around the small lakes and ponds being developed in Watershed projects under Public Law 566 that is just becoming apparent. And opportunities for farmers to increase their own incomes and meet real needs by developing, on their own land, facilities for fishing, camping, picnicking and other outdoor recreation challenge the imagination.

Title I of the Proposed Act provides for changes in existing conservation, land use, and watershed protection and flood prevention programs to provide new authority for the Secretary of Agriculture to promote the conservation and economic use of land:

1. By acquiring land not currently needed for agricultural use to be developed and used for public recreation and protection of fish and wildlife;
2. By long-term agreements with farm operators and owners; and
3. By providing assistance to local organizations in acquiring, developing, and maintaining selected reservoirs or other areas in watershed projects for public recreation and fish and wildlife.

The provisions of Title I of the proposed Act are in the form of amendments to the Soil Conservation and Domestic Allotment Act, the Bankhead-Jones Farm Tenant Act, and the Watershed Protection and Flood Prevention Act.

Authority would be given to the Secretary, by proposed amendment to the Soil Conservation and Domestic Allotment Act, to promote conservation and economic use of land through long-term agreements with farm operators and owners. Under these agreements which could not exceed 15 years, payments would be made for changes in cropping systems and land uses, and for other measures to conserve and develop soil, water, forest, wildlife, and recreational resources. The cost of establishing conservation measures could be shared by the Government.

The purposes of the Bankhead-Jones Farm Tenant Act would be broadened (through amendment of Title III of that Act) to include development of public recreation and fish and wildlife protection.

To enable the Secretary to carry out the proposed provisions, he would be authorized to acquire any lands, or rights or interests therein, which he deemed necessary. Purchases, however, would be limited to those that would not have a serious adverse effect on the economy of the county or community in which the land is located. (The Bankhead-Jones Farm Tenant Act presently authorizes only the acquisitions of submarginal land and land not primarily suitable for cultivation.)

This new authority would enable the Department to initiate the series of "pilot and demonstration land-use projects" mentioned by the President in his Message on Agriculture to the Congress, January 31, 1962.

Under the proposed amendment of the Watershed Protection and Flood Prevention Act, Federal help to local organizations would be authorized for development of public recreation and fish and wildlife in selected reservoirs and other areas in watershed projects.

When a local organization agreed to operate and maintain a reservoir or other area for public recreation or for fish and wildlife development, the Secretary could:

1. Bear or share the cost of the land, easements, or rights-of-way acquired by the local organization for these purposes, and
2. Advance funds to the local organization for acquisition of the land, easements, or rights-of-way that are necessary to preserve sites for reservoirs or other areas from encroachment by residential, commercial, industrial, or other development.

Recreational Use in Watershed Projects

Under the proposed amendment to the Watershed Protection and Flood Prevention Act, reservoir sites could be selected as pilot or demonstration projects for enlargement and for development for public recreational use and promotion of fish and wildlife.

Eventually, these recreational areas could be widely scattered over the nation. They could provide new recreational opportunity to about 12 million people each year.

Applications already have been made by local organizations for more than 1,600 watershed projects in 48 States and Puerto Rico. The primary purpose of the small watershed program would continue to be flood prevention and control, if the proposed amendment is approved. But the way would be open to add tremendous recreational values that would extend benefits far beyond the watershed boundaries.

The cost-sharing features of the proposed program would be assurance that the projects would be planned only where there is a public demand, present or foreseeable, for additional recreational facilities.

With recreation as an accepted project purpose, watershed projects could be justified in many areas where other benefits do not now justify the costs.

The potential for use of land to meet needs for all forms of outdoor recreation challenges the imagination. With programs to encourage this adjustment in land use, and to encourage conversion of cropland to grass and to trees, we could improve farm income at the same time as we make a major contribution to the welfare and the interests of the people of the entire nation.

Development of Human Resources and Renewal of Rural Communities

Land use adjustment will be an integral part of a program of rural renewal -- a program to bring new life and health to all of our rural communities, and particularly to those where rural poverty has been especially critical.

Already there is far too much poverty in rural America. Among the 54 million people in rural areas there are 4.1 million rural families with a total money income less than \$2,500; while among the other 131 million people in the rest of the nation 3.9 million families have incomes below that amount. These areas include 2 million farms -- 60% of our farms -- that together produce only

13 percent of farm products sold. Most of these farm families reflect under-employment and poverty that is due to inadequate resources of land, or other capital investment, or of human skill and ability, or some combination of these factors.

Effective programs for rural area development to meet this problem include measures to encourage the formation of economically viable family sized farms, and the diversion of some of the land to recreation, conservation, the growing of trees, and wildlife preservation. They include the renewal of rural communities by helping to create new industrial and commercial enterprises and better community facilities. They include vocational and other educational opportunities that are basic to the development of a strong and prosperous rural area. Rural renewal programs in the country can be as constructive and important in strengthening the values of American life as urban renewal programs in our cities.

Our Rural Areas Development program has started us on the way. The provisions in both Title I (referred to above) and Title V (expanding the purpose and function of the Farmers Home Administration to include loans for shifts in land use and for recreational uses) of this Act would enable us to move these programs more rapidly.

By bringing resources to the people in rural areas, by encouraging new employment through industrial and commercial development, by strengthening full and part time farming operations, by protecting and conserving natural resources,

by making the most of human resources through improved educational opportunities, and by assisting in providing community facilities and new recreational opportunities, we can help to conquer rural poverty and build in rural America communities of which we can all be proud, which will serve to strengthen the American way of life.

Balanced Production

Programs for rural development, for better use of our land resources, and for expanding utilization of our abundance can make their maximum contribution to a comprehensive farm program only if accompanied by measures to achieve a balance in the production of those agricultural commodities that are now in substantial surplus. This is what the ABCD program proposes to do in its proposals dealing with feed grains, wheat, and dairy products.

Our feed grain proposals are based on acreage allotments and marketing quotas to be proclaimed at levels that would result in a gradual disappearance of existing surplus stocks until such time as these stocks amount to only a desirable reserve. They provide for a conservation use of the diverted land. They provide for support payments only if quotas and allotments are in effect, and they provide that such quotas and allotments should go into effect only if supported democratically by a two-thirds vote of the producers themselves.

Our wheat proposals are likewise based upon acreage allotments and marketing quotas that would result in a gradual disappearance of existing surplus stocks, and therefore would eliminate the minimum national acreage now set at 55 million acres. Land diverted would, as for feed grain land, go into conservation usage,

quotas would not go into effect unless approved by two-thirds of the producers, and supports would be provided only if quotas are approved. For wheat, price support would be geared to domestic and export wheat marketing certificates, with wheat marketed with domestic certificates supported at about the present range and other supports somewhat lower.

Our proposals for milk and milk products are designed to insure an adequate supply of milk, to achieve progressive improvement in dairy farm income, while reducing Government program costs to a desirable minimum. This minimum would be limited to \$300 million a year, which is about the cost of acquiring those quantities of dairy products to be used in the national interest for domestic welfare and foreign assistance, plus regular expenditures for special milk and school lunch programs.

The new program would be based on allotments that would not limit the amount of milk a farmer could sell, but rather the amount on which he would receive the support price. He could sell milk in excess of his allotment only at lower returns resulting from his payment of a surplus marketing fee, the proceeds of which would help finance the support program. Thus the cost of acquiring and disposing of dairy products in excess of what could be sold or used effectively in Government programs would be borne by those producers who produced the excess milk. Other farmers who kept production within allotments would receive stable prices for all their milk.

This program, too, would go into effect only if approved by a two-thirds vote of the farmers. If producers voted against adoption of the program for any marketing year, price supports would continue but at a lower level than could be maintained with the help of a supply management program.

In addition to the long range program proposed, producer marketing allotment authority is proposed for Federal milk marketing orders, subject to approval of two-thirds of the affected producers in a referendum. These orders operate in 81 markets and establish minimum producer prices based on current supply and demand. Producer allotments, when used in milk marketing orders, could operate whether or not allotments were in effect under the long range program, and would seek to reduce surpluses in order to improve the "blend price" received by producers.

Principles Involved in These Programs for Balance

This bill thus includes programs directed toward achieving balanced production for feed grains, wheat, and milk products -- three areas in which the need for balance is most imperative. I would like to emphasize certain principles inherent in these proposals.

First, the programs are based on the application of experience to the facts of the present situation. We have had years of successful experience in applying similar supply adjustment principles in tobacco and rice. We have, at present, temporary emergency programs applying to feed grains and wheat. Unless the

Congress enacts new legislation this year, wheat and feed grains will go back under the pre-1961 programs which, during the 1950s, failed to achieve adequate farm income at the same time as they resulted in mounting Government stocks. A return to these programs would result in increased carryovers amounting to an estimated average of 15 million tons of feed grains and 220 billion bushels of wheat per year, over the next 3 years.

Second, these proposals are aimed at a gradual reduction of government costs by reducing stocks over the next few years until they reach a desirable level, while protecting and improving farm income in the process. For wheat, we would expect the carryover to drop from the tentative estimate of 1.22 billion bushels on July 1, 1963 to 0.76 billion bushels in 1966. For feed grains we would expect the carryover to drop from an estimated 72 million tons on October 1, 1963, to 48 million tons in 1966. We would expect the dairy program to be flexible enough to maintain a supply adequate for all our needs, to protect and improve the incomes of dairy farmers, and to keep Government costs at a reasonable level.

Third, the programs proposed emphasize the maximum amount of freedom for the farmer that is consistent with the one element that is most essential to the maintenance of free-individual enterprise in farming -- the possibility of achieving a fair income. The freedom of a farmer to earn a decent income for himself and his family is more important than whether he plants 40 acres or 50 acres of corn. He will be free to contract with the Government as to the

terms with which he will comply in return for support prices that will make it possible for him to earn a good income. His exercise of this freedom of choice, democratically along with other farmers, does not justify a charge of regimentation any more than any of the other regulations that free societies must adopt in the public interest. We are free to live in an orderly and peaceful society only because we enact laws that restrict the freedom of us all.

Fourth, the programs are based upon the choice of the farmers themselves. No program can go into effect unless and until approved by a two-thirds vote of the producers concerned.

The charge has been made that those provisions in the bill that authorize the CCC to sell a limited amount of wheat and feed grains at market prices, in the event that farmers voted against supports, constitute a "club" that would in effect deprive the farmers of a really free choice. This charge is entirely without foundation.

If any "club" does exist it is to be found in the size of the existing stockpiles of wheat and feed grains, stockpiles that have grown in size since 1952, and that were not reduced until this year. Under the bill we propose, these stocks would be reduced in an orderly manner if farmers vote for quotas and allotments. If farmers vote against such quotas, these stocks would remain, unless some other steps were taken. I have heard no one suggest that we continue to pay storage costs of one billion dollars a year into the indefinite future! I have heard no one suggest that we burn these grain stocks or otherwise destroy them!

Therefore, the provisions in the bill are limitations on CCC sales rather than authorization of sales. Without these provisions limiting the amount the CCC could sell, it would -- in the absence of support programs -- have the authority to dispose of these stocks without limitation. This might really have been a club, except that I cannot conceive of any Administration so unaware of its responsibility, or so oblivious to the facts of political life, as to exercise that authority in a manner that would wreck the market or unduly depress farm prices.

Moreover, the limitations are reasonable in size, as low as is consistent with a goal of eliminating the burden of excess stocks within a reasonable number of years. I challenge those who charge that a proposal for limited and orderly reduction of CCC stocks is any form of coercion to come up with a better way of reducing stocks. Unless and until they do, it is fair to assume that either their charge is not sincere, or they contemplate a permanent burden on the taxpayers of this nation in the amount of the billion dollars a year necessary to maintain the stocks intact indefinitely.

Alternative Choices in Farm Programs

One can conceive of an infinite number of variations and combinations of farm programs. They could be boiled down to basic characteristics that might be summarized as follows.

A return to the programs of the 50s would mean programs that have failed to achieve adequate farm income and that at the same time have resulted in mounting surpluses and increasing Government costs.

A continuation of piecemeal or temporary programs would simply delay the time of decision, increase Government costs, and compound the difficulties that would have to be faced eventually.

Further delay, half-hearted measures, and failure to face the problem as a whole, all lead to the only realistic choice before us other than the A B C D Program -- the choice of no farm program at all. Four independent studies, one made at Cornell, one at Iowa State, one for the Joint Economic Committee of the Congress, and one for the Senate Committee on Agriculture and Forestry, all agree as to how sharp would be the drop in prices that would result from the abandonment of farm programs.

The studies agree that wheat prices would be sliced almost in half; oats down 25 percent; barley, down 28 percent; soybeans, down 38 percent; dairy prices, 17 percent. Non-supported commodities also would suffer. Livestock commodities would drop 24 percent; eggs, 20 percent; cattle, 25 percent; hogs, 30 percent; and broilers and turkeys even lower than this year.

These prices would result in such a drop in farm income that a searing farm depression would result. Thousands of bankruptcies, displacement of thousands of families, and the further decline of thousands of small towns would follow.

For reasons of cold economics as well as the maintenance of human values we cannot make this choice.

An adoption of the A B C D Program would give the American farmer a choice between, on the one hand, government programs and supports along with adjustments in production, and, on the other hand, no programs at all. This choice has been described as a "hard choice," but I would like to emphasize that it is not as hard as it seems at first glance.

On the one hand, the proposed regulations are not so burdensome or restrictive as is sometimes feared. They are similar in nature to regulations that have been in effect for many years for such crops as tobacco, and, as such, they have repeatedly been endorsed by 95 percent of the farmers and by all major farm organizations.

On the other hand, the choice is softened by the bright prospects that will result from the total implementation of the entire proposed program. For these prospects include not only the goals of lower Government costs and higher farm income, but they also include a use of our resources to meet urgent, but presently neglected, needs of all the people of the United States.

They include land no longer idled or wasted by the production of things we cannot use -- but rather providing wholesome outdoor recreation for which there is great need.

They involve a conquest of rural poverty, and rural renewal programs that can do for men, women, and children in the country what we expect of urban renewal programs in our great metropolitan areas.

They include progress toward an agricultural economy sufficiently balanced so that the role of Government programs and payments will progressively diminish, and sufficiently productive and flexible so that we can meet any needs that may arise and continue to enjoy in the future the blessings of abundance made possible by continued scientific and technological progress.

Use of Abundance

In every case, the balance would be sought in terms of maximum use of our abundance of food and fiber, both at home and abroad.

It is my deep conviction that this nation can live up to its moral obligations and its leadership responsibilities only if we do our utmost to see that no one in the United States lacks a nutritionally adequate diet, and to make maximum effective use of our abundant agricultural productivity to relieve suffering and promote economic development abroad.

This past year has witnessed a notable expansion of programs for increased utilization of food.

Eighty-five thousand schools, child care centers and camps are receiving more fresh milk than ever before. Eight hundred thousand more children enjoy a hot school lunch. Both the quantity and the variety of food distributed to more than six million needy persons has been stepped up. A pilot food stamp program in eight communities has brought such encouraging results that its expansion in a further trial period is justified and will be carried out.

We have likewise expanded our use of food in the foreign aid program under P.L. 480. Last year the Congress passed amendments extending and improving that Act. In order that our Food for Peace program can be made even more effective, the bill provides for further changes that will enable us to make greater use of the abundant production of our farms for the development of future markets for U.S. farm commodities and in support of our overall foreign aid program.

* * *

I have just reviewed a comprehensive, common sense, A B C D program for Food and Agriculture in the 1960s.

It seeks maximum use of our abundant productive capacity. It would balance that production with the amount that can be used under these intensified programs. As an integral part of this effort we should exercise sound principles of conservation through new programs to adjust the use of our land to the great unmet needs of this and future generations. By this adjustment and by other means -- notably by bringing credit and guidance, new industry and new opportunities, to rural areas -- we should direct our programs toward the maximum development of human resources and renewal of rural communities.

I sincerely commend this program to your serious consideration.

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Two weeks ago when I was in Fresno to speak to a farm policy conference,

23, 1962

I met with several groups of farmers representing some of the commodities grown in California. It was my first introduction to the profuse and varied number of farm products grown in your State.

Today at this breakfast, I see that many more commodities are represented. It is, I believe, a testimony to the strength of California agriculture that it is so diversified. You are one of the leading agricultural States, and you are the leading State in terms of total value of farm exports.

This diversity also makes California a compact example of the nation's agricultural economy -- including its successes as well as its problems. In this regard, I am sure that we will be looking keenly at some of the pioneering efforts in farm policy which have been made here.

As California farmers have found, and as the nation's farmers are beginning to realize, the effort to deal realistically with the challenge of agriculture's success and its problems will require a diversity of program approaches.

The reason is not too difficult to understand. Not only is there a diversity of products in agriculture, but also there is no other productive area of our whole economy which is composed of so many diverse elements as agriculture. Geographical differences are pronounced, and the techniques of production vary substantially from one area to another.

But even with these elements of diversity of products as well as in resources of production, the aims of those who farm are remarkably similar. The farmer, no matter where he farms, seeks a fair and reasonable income. He enjoys living close to the land. He is quick to adopt new techniques which

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at a breakfast meeting with California agricultural leaders in San Francisco, California, Feb. 23, 1962, 8:00 a.m. (PST).

will enable him to earn the kind of income he needs if he is to stay in agriculture.

Thus with any productive organism as diverse as agriculture, there can be no single, simple answer to the overriding problem of being able to produce more than we can effectively use. There are other problem areas in agriculture, particularly the need to direct new resources into rural areas to provide new opportunities for farmers and rural community residents where there is a lack of adequate economic resources. But I wish to deal here within my limited time with the need for constructive progress as we seek to utilize the magnificent abundance of our agriculture.

If we are to develop practical solutions within the context of our democratic processes, then we shall need much more imagination and a great deal more realism than has been the case. In the programs for agriculture which this administration is developing, we are seeking to apply the answers which experience has shown will succeed.

In doing this, we must be willing to extend them as far as they can contribute successfully to solving the problems of agriculture in the 1960's -- and to be willing to test where the boundaries are located. Thus, in relation to wheat, feed grains and dairy, we are proposing to apply the nearly three decades of successful experience in commodity programs for rice, tobacco and cotton.

And, as I mentioned earlier, we are looking to some of the pioneering work which has been done in California through self-help marketing programs -- I think you have some 36 commodity programs of this nature -- and to extend these successful techniques nationally to those commodities which can most practically adapt them to their needs, if they so desire.

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The administration feels that these self-help programs ought to be tested broadly, because they are another answer to the need for commodity management which is proving itself each day here in your State.

Now I realize there are people who say that marketing orders will work -- but only if they are applied locally and not nationally. I believe, however, that marketing orders carry some real advantages which hold good promise for farmers who grow many kinds of food.

These are programs which are developed by the producer, administered by the producer and, by and large, paid for by the producer. They are, or will be prepared with the advice and assistance of the Department, but the Department cannot initiate these programs nor can it administer them. These are functions which the farmer himself must perform if the marketing order is to succeed.

Farmers in California have shown that this technique will work, and I for one refuse to accept the negative attitude that marketing orders cannot succeed on a national scale. I place my confidence in the farmer.

The Department will lend assistance to any commodity group that feels a marketing order self-help program will solve its particular need. Our function is primarily to provide technical service to those groups, and to give advice when it is asked.

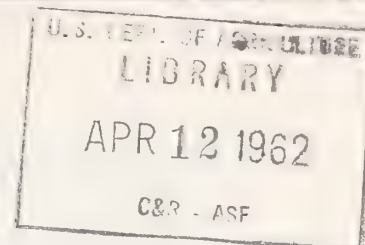
There are currently five commodity groups meeting which have marketing order proposals in various stages of completion. Another commodity group will begin its first meeting soon.

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These are signs that the farmer does have confidence in his ability to develop, manage and finance programs which directly affect the source of his livelihood. In the last session of Congress, legislation was amended to make self-help programs more accessible to the farmer.

With this improvement, I believe commodity groups can move more aggressively to utilize this instrument. It is not the only answer, but it is one answer which can be applied to the national problem of developing many tools to meet a diversity of conditions in agriculture in the 1960's.

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26, 1962
BROTHERHOOD IN AN AGE OF ABUNDANCE

I deeply appreciate the privilege of joining with you tonight in a tribute to dedicated and effective effort to advance the cause of brotherhood. I have long regarded the goal you seek as one of the most urgent needs in this nation and the world today. I believe that the ideal of brotherhood is the central theme on which we must base our efforts to achieve a better life and a more secure and peaceful world.

I especially appreciate this opportunity because, although I have spoken on the need for brotherhood on many occasions in the past, I have not -- until tonight -- had an occasion to address myself to this theme since assuming my present office a little more than a year ago. As Secretary of Agriculture it has been my major responsibility to spend nearly all of my time and energy on seeking to formulate a solution to another urgent problem -- a problem that is of direct concern to a minority of the people in this country today, although it is of indirect importance to us all.

Within the past few weeks I have travelled the length and breadth of this nation, explaining, to audiences of farm people and city dwellers alike, the goals we seek in our proposed farm program. And -- while I do not intend to take the opportunity afforded by this gathering, dedicated as it is to the furtherance of the ideals of brotherhood in the whole field of human relations, to deliver a "major farm speech" -- I do intend to refer to the farm problem in terms of its relation to the broad issues that face all citizens of the free world today.

Address by Secretary of Agriculture Orville L. Freeman at the Brotherhood Dinner of the National Conference of Christians and Jews, Waldorf Astoria Hotel, New York City, 8 p.m. (EST), Monday, February 26, 1962.

I should like to explain my conviction that there is a significant relationship between the problems faced by American agriculture and our hope for progress toward the ideal of the brotherhood of man. I should like to have you consider with me how the choices we make with regard to the solution of the farm problem will be, in a very real sense, a measure of our ability to see and to solve all of our problems in terms of the larger picture of this nation and the world.

If this approach seems new or far-fetched, permit me to note, at the outset, one of the most significant aspects of this relationship.

Abundance and Brotherhood

There are many complicated and inter-related causes of the American farm problem today. But the fundamental, underlying factor that cannot be avoided is our failure to adjust to the scientific and technological revolution that has brought about an age of abundance.

This abundance, or the potential to achieve it, is particularly dramatic with regard to agriculture, but it exists in every other major aspect of production in America. We have been thrust so suddenly and abruptly from an age of scarcity to an age of plenty that we have not been able either to realize the full implications of the change or to adjust our institutions to the new situation.

If and when we make those adjustments wisely and effectively -- if and when we can direct our abundant productive potential to the benefit of all men -- then abundance will be truly an unmixed blessing rather than the difficult mixture of problem and promise that it is today. And I submit, further, that the age of abundance can and will bring the ideal of brotherhood much closer to our grasp.

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The ideal of brotherhood would seem to be so right, so fair, and so worthy of the highest aspirations of mankind, that one has to search for reasons why it is yet so far beyond our reach. It is an ideal upheld by Christianity, Judaism and all of the other great religions of the world, yet it remains unfulfilled. There are many roadblocks -- social, cultural and psychological as well as economic -- that we must overcome before we can fully achieve the spirit of brotherhood among men. History and anthropology show that one of these roadblocks is made up of economic rivalry, insecurity, and an absolute need for the physical essentials of life -- all inevitable attributes of the age of scarcity.

Human slavery, with all its injustice, exploitation and misery, was a product of an age of scarcity. Much of the prejudice and emotion that smothers and stifles the spirit of brotherhood in the minds of men today is the product of poverty and want and economic insecurity. Much of our failure to extend equality of opportunity to all men of all races and creeds is attributable to the fear that there will not be enough opportunity to go around -- the fear on the part of some who think they have some little advantage, that seems too little as it is, that if they share the opportunity they will lose an advantage they need.

Throughout history men have built up walls of prejudice against other men in order to justify to themselves the enjoyment of more material goods than their neighbors. Throughout history clans, tribes, and nations have fought wars to gain material resources necessary for existence. Throughout all of human history the spectres of cold, hunger and want have driven men to fight, to exploit, and to suppress other men, in a life-and-death competition for the physical, material needs that seemed too scarce to go around.

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I do not mean to say that if and when we produce material goods in sufficient supply to meet all human needs we will have an end to prejudice, to discrimination, or to war. No human problem is that simple. But I do say that the potential for abundance offers us a tremendous opportunity and a great challenge to remove a major roadblock in the way of brotherhood and of peace.

The Challenge of Abundance

We stand today at the dawn of an age of abundance. Science and technology have progressed so far that, for the first time in the history of man, we can see the possibility of the conquest of hunger and cold and the other physical and natural hazards of life for all men everywhere.

And within the United States of America this possibility has become a reality. We no longer simply produce as a means to the end of supplying needs. In addition, we have an important advertising and public relations industry to persuade us to want more -- and a growing consumer credit industry to enable us to buy it on easy terms.

Highlighting this potential for plenty are new sources of power, new methods of communication, new scientific discoveries about plants, animals, the earth and the universe.

Our breakthrough in the production of power is so great that our greatest fear today is that we have at hand power greater than we can trust men to control. We have the scientific know-how to relieve men, women and children of the backbreaking drudgery of physically difficult jobs. "Megaton" is replacing "horsepower" as a measure of energy.

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Automation is another breakthrough. Our use of machines to run machines -- our perfection of mechanical brains -- promises a revolution of much greater economic, social and political consequences than those which followed the industrial revolution.

This abundance has come upon us with astounding rapidity. Developments in technology and progress toward plenty are, of course, as old as the human race. But their rate of acceleration has increased phenomenally during the present generation.

Let us, for a moment, consider that rate of acceleration by compressing the 50,000 years of man's recorded history into a time span of 50 years. We know very little about the first 40 years, although perhaps during the last of that period the most advanced men in the cooler climates learned to use skins for clothing. About 10 years ago, man emerged from his caves and constructed some other kind of shelter. Five years ago he learned to write. Christianity began less than two years ago.

Less than two months ago, during this whole 50-year span of human history, the steam engine provided a great new source of power. Automobiles and electric power became significant only during this past month. And only last week we developed nuclear power.

This rapidity of recent progress is thrilling. -- but, like many thrills, -- it is dangerous. Its danger lies in our failure to adapt our social, economic and political thinking to the new situation.

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Abundance in Agriculture

In the United States, in the last few decades, agriculture has come to represent the most conspicuous problem arising out of our abundant productivity. Productivity per man hour has increased three times as fast as in industry. One American farmer now produces enough for 26 people, whereas only 20 years ago he produced only enough for 11.

Our acres as well as our farmers are becoming increasingly productive. We have estimated that 20 years from now we will be able to produce enough for an increased population and all expected exports on 50 million acres less than the amount of cropland we have today.

This technological revolution in agriculture is not only non-reversible, it is proceeding at a rapidly accelerating pace. The rate of productivity advance in the 1954-59 period was almost double that of the preceding period. Thus we must expect agricultural productivity to reach far greater heights in the years ahead.

This productivity has brought great rewards to the economy of the nation. It has provided American consumers with more and better food at lower cost than any others have ever enjoyed. It has brought sustenance to hungry people throughout the world. But it has not brought adequate rewards to the farmers who produce this abundance. And it has created problems of surpluses that have blinded us to the tremendous productive success of our agriculture that has become the envy of most of the world.

The problems exist because we have not been able to match this rate of advance in productivity by commensurate advance in the sphere of social, political and economic engineering that is necessary if we would make full use of this abundance.

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Research and education have taught the American farmer how to produce abundantly but they have not yet shown us how to manage that abundance in the best interest of all. Science has shown us that we can produce more abundantly than we can consume, but social science has not yet shown us how to engineer this efficient productivity to benefit the producers, whose incomes average far below those of the nonfarm sector.

Technological advance has decreed that a constantly dwindling number of farmers, on fewer acres, can continue to increase total production; but we have not yet determined how to make the best use of those excess acres, nor have we developed programs for the maximum benefit of the human beings whose labor is no longer needed by this efficient agriculture.

It is in the light of these facts that we have formulated our Program for Food and Agriculture in the 1960's to close the gap between the scientific and technological advance and our social and economic situation. The President has described it as an A-B-C-D program, directed toward the common sense goals of Abundance, Balance, Conservation and Development.

- A. We seek to use our Abundance in the production of food and fiber at fair prices in quantities sufficient to meet the needs of all Americans and to combat hunger and contribute to economic development throughout the free world.
- B. We seek a Balance between the abundance we can produce and the quantities we can use -- a balance that is essential in order to avoid waste of private effort and public resources and to make it possible for efficient farmers to earn incomes equivalent to those earned in comparable nonfarm occupations.

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- C. We seek the Conservation and wise utilization of our resources of land and water, to adjust their use to the conditions of today and the potential needs of tomorrow, thus insuring abundance for our children as well as for ourselves.
- D. We seek the maximum Development of human resources and the renewal of rural communities -- programs aimed at ending rural poverty and at opportunities for education and employment that will extend to people in every rural area in the nation the advantages of a truly American standard of living.

This A-B-C-D program for agriculture faces today's great need for social engineering to direct our abundant productive capacity in the interest of all. This has implications -- not only for farmers -- but for the entire economy. The same scientific and technological forces that bring about overproduction and underemployment in agriculture bring about automation and unemployment in industry. The same potential for plenty applies. The same need for adjustment of resources appears -- for we cannot allow machines to displace men, either in agriculture or industry, without providing those men with the opportunity to find and qualify for other employment. The way we meet the challenge of change and abundance in agriculture is thus a test of our ability to meet this challenge in every other field.

Our agricultural productivity is so outstanding that it confounds our enemies and is the source of envy and emulation in most of the nations of the world. By solving the social and economic problems that accompany this productivity we can help to induce the emerging nations to follow our example -- not only in farm technology but also in our successful family farm system based upon individual enterprise and private ownership of the land. We can

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prove to the world that a free and democratic society can excel, not only in the production of abundance, but also in its utilization for the public good.

Brotherhood and Freedom

I have already expressed my conviction that if we can meet the challenge of abundance we will help to remove one major roadblock that stands in the way of reaching our ideal of brotherhood. I am equally convinced, however, that an abundance of material goods is not -- in itself -- enough to safeguard that ideal. I believe that it is only in a free and democratic society that the ideal of brotherhood can prevail. For it is only under the principles of democracy that we find a firm dedication to the supreme worth of every human being.

It is evident, then, that progress toward the ideal of the brotherhood of man depends upon -- and really is a part of -- progress made by democratic society toward meeting the challenges of a new and revolutionary era.

What are these challenges?

Frontiers in Human Relations

Mankind is well on its way toward victory in the age old effort to conquer the physical frontiers that remain on this earth. It has even set out to conquer the physical frontiers of the universe. The frontiers that remain, here on this earth, are in the fields of social, economic and human relations. The conquest of these frontiers presents the greatest challenge to democratic government and the principles of freedom today.

Progress in human relations is of utmost importance, and of utmost urgency. For if human relations and the spirit of brotherhood are allowed to lag too far behind the phenomenal advance in science and technology the

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result could be catastrophe for our civilization.

In our efforts to solve the problems we face in the fields of economic and social engineering and in human relations we will find that again and again there will appear issues akin to those we have faced as we seek the answer to problems in agriculture.

First, there is the issue of freedom to act and freedom to choose. Even in this great metropolitan center, I am sure that some of you know that the farm program presented to the Congress by this Administration seeks to achieve balance with regard to the commodities most in surplus by allowing the farmers to choose between unrestricted production with no government supports, on the one hand; and, on the other, restrictions on production accompanied by government supports. No program would be put into effect unless accepted by vote of at least two thirds of the producers.

It is true that, once this two thirds vote had been taken, some freedom of action would be limited. But this limitation would be for the purpose of insuring the one freedom without which free enterprise cannot survive, the freedom to earn an adequate income. Farmers would have the freedom to contract with the government -- to agree to limit their production of certain surplus commodities in return for an opportunity to earn a fair income.

This kind of choice is neither new to -- nor in conflict with -- the principles of democracy. We are free to drive automobiles down the streets of this city only because we are not free to drive on either side of the street at any rate of speed. We are free from much of the poverty of days gone by only because we are not free to employ sweatshop labor. We are free from the penalties of widespread ignorance because we have compulsory

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education. We must often choose between different freedoms. I believe that all the people, including the farmers, should have the right to choose.

A second essential to the solution of problems of social, economic and human relations is a sense of responsibility for finding a solution, accompanied by a refusal to abdicate the responsibility by saying "it can't be done". Again and again and again I have heard that "there is no solution to the farm problem", just as I have heard it said that "we can do nothing about prejudice". This attitude is more serious than simple defeatism. It implies an admission of failure of our democracy. If we cannot solve such problems we must forfeit our right to leadership in the world. If we cannot find solutions under freedom, then we will risk losing that freedom.

This leads to the last point I wish to make as an essential element in our conquest of the new frontiers of human relations. We must mobilize those same great resources of science, research, and education that have already contributed so much to our physical and material progress, and direct them toward problems of utilizing abundance, toward making the right choices, toward finding wise solutions.

I do not mean to even remotely suggest that we have made all the physical and material progress that we need to make, or that we should neglect further progress. Rather we must seek to insure that social progress will catch up, and close the gap. We should seek this at home in the United States, and we should seek it as we assist the emerging nations of the world.

As I travelled through developing nations in Southern Asia and the Far East last fall I noted that they, too -- great as is their need for physical and material gains -- need help in social and economic engineering as well. They need land reform as much as irrigation systems. They need

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democratic institutions as well as dams. They need schools more than they need steel mills. A leader in one of the poorest of these nations, a nation to which we have sent food, money and specialists in industrial development, said: "The greatest help you have given us is assistance in developing an extension system to educate our people."

Science and technology in this new age have produced almost incredible power to destroy, but they have also opened the door to an age of plenty of which our fathers never even dreamed. We can meet the challenge of this age of space and power and abundance only if we uphold the ideal of brotherhood and adapt our social and economic institutions to direct the power that man has created in the interest of mankind.

Let us resolve to meet this challenge.

Let it never be said that, in this age of plenty, we were able to raise more crops than we could afford to store, but were unable to find any way to provide green open spaces in which millions of boys and girls who live in our crowded cities could enjoy nature's great outdoors.

Let it never be said that, in these critical years of the scientific revolution, we were able to send men into space but unable to put bread and milk into the hands of hungry children.

Let it never be said that we were able to reach the cold, barren surface of the moon, but were unable to reach the human heart with a spirit of brotherhood.

Let it never be said that we had the scientific knowledge and technical skill to produce power sufficient to destroy civilization, but that we did not have the ability, the vision and the will to use that knowledge to produce and distribute the abundance that science and technology now offer to a world at peace.

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Secretary of Agriculture Orville L. Freeman said today in Brawley, California, in the Imperial Valley, that sound reclamation and irrigation projects and the land adjustment proposals of the Food and Agriculture Program for the 1960's are compatible with each other.

The Secretary based his statement on three foundation facts:

1. To attempt to balance production with market needs by eliminating sound reclamation and irrigation projects would be tantamount to deliberately promoting inefficient use of agricultural resources.
2. Reclamation and irrigation have a highly necessary role to play in the wise present and future use of national land and water resources.
3. Most of the farm products coming from irrigated land are not the ones for which there are serious over-production problems.

Speaking at the opening of the Imperial County Fair, Secretary Freeman noted that 95 percent of the cropland in Imperial County is irrigated. The average value of the land and buildings comprising the 1,300 farms in the county is more than \$200,000 -- twice the average for California as a whole and several times the average farm value in the United States.

"There is no conflict between sound reclamation and irrigation and the proposed A-B-C-D farm program," the Secretary said. "The crops grown on reclaimed and irrigated land are not primarily crops that are seriously in surplus."

Remarks by Secretary of Agriculture Orville L. Freeman at a Farm Policy dinner at Barbara Worth Country Club, Brawley, California, 7 p.m., March 3, 1962.

"it is only through reclamation and irrigation that many areas in the West can have agriculture at all. Production from these acres is essential to both local and regional economies. More than 150 crops are grown on irrigated lands in the West, many of them not produced elsewhere in commercial quantities.

It is unsound to suggest that the current imbalances which exist in some crops could be corrected by squeezing off water resource development in one section of the country.

The same attitude is expressed by some who feel that the problem of over production could be solved by squeezing out farmers who have inadequate resources or by cutting back the investment in research. All such proposals avoid the basic question raised by the technological revolution in agriculture and none of them would solve the problem of production exceeding efficient use.

"Irrigation makes it possible for farmers to diversify to crops which are more profitable and in current market demand.

"As we look to the long-time future there is no question but that reclamation and irrigation must go forward. The concept fits logically into the abundance -- balance -- conservation -- development approach. Certainly there is an urgent need for planning the future use of land to assure agricultural abundance and balance, while at the same time providing for conservation and development. We must plan now for farming, for recreation, for forests, for wildlife, for efficient use of limited water supplies, and for a land reserve before the acres are gobbled up and we have passed the point of no return in terms of future wise land use.

"Finally, there never has been, is not now, and I do not see how there ever can be, a sound argument for planned inefficiency in agriculture.

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Whatever short-term benefit might conceivably be derived from the standpoint of balancing supply and demand through inefficiency would be far more than offset by the waste of human, natural, and man-made resources. Our entire economy rests in large measure on a foundation of increasing agricultural efficiency, and the future progress of that economy will rest on further increases in farming efficiency.

"The technological revolution in agriculture has brought great rewards to the economy of the nation. It has provided American consumers with more and better food at lower real cost than the people of any other nation have ever enjoyed. It has brought sustenance to hungry people throughout the world. The one real difficulty is that it has not brought adequate rewards to the farmers who produce this abundance. Problems of surpluses and low farm returns have blinded us to the tremendous productive success of our agriculture that has become the envy of most of the world.

"The problems exist because we have not been able to match the rate of advance in productivity with commensurate advances in social, political, and economic engineering that are necessary if we would make full use of our abundance.

"Research and education -- yes, and mechanization and irrigation -- have taught and enabled the American farmer to produce abundantly, but we have not yet learned how to manage that abundance in the best interest of all. Agricultural and industrial science has shown us that we can produce more abundantly than we can consume, but social science has not yet shown us how to engineer this efficient productivity to benefit the farmer producers, whose incomes average far below those of the nonfarm producers in the economy.

"Technological advance has decreed that a constantly dwindling number of farmers, on fewer acres, can continue to increase total production; but we have not yet determined how to make the best use of those excess acres, nor have we developed programs for the maximum benefit of the human beings whose labor is no longer needed by this efficient agriculture.

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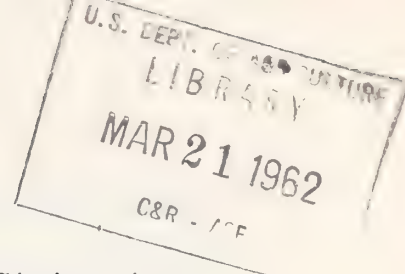
"It is in the light of these facts that we have formulated our program for Food and Agriculture in the 1960's to close the gap between the scientific and technological advance and our social and economic situation. The President has described it as an A-B-C-D program, directed toward the common sense goals of Abundance, Balance, Conservation, and Development.

- "A. We seek to use our Abundance in the production of food and fiber at fair prices in quantities sufficient to meet the needs of all Americans and to combat hunger and contribute to economic development throughout the free world.
- "B. We seek a Balance between the abundance we can produce and quantities we can use -- a balance that is essential in order to avoid waste of private effort and public resources and to make it possible for efficient farmers to earn incomes equivalent to those earned in comparable nonfarm occupations.
- "C. We seek the Conservation and wise utilization of our resources of land and water, to adjust their use to the conditions of today and the potential needs of tomorrow, thus insuring abundance for our children as well as for ourselves.
- "D. We seek the maximum Development of human resources and the renewal of rural communities -- programs aimed at ending rural poverty and at opportunities for education and employment that will extend to people in every rural area in the nation the advantages of a truly American standard of living.

"This A-B-C-D program seeks maximum use of our abundant productive capacity. It would balance that production with the amount that can be effectively used. It would apply sound principles of conservation through new programs to adjust the use of our land to the great unmet needs of this and future generations. Finally, it would direct our programs toward the maximum development of human resources and renewal of rural communities.

"I sincerely commend this program to your serious consideration."

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13, 1962

SUSTAINING THE VALUES OF THE FAMILY FARM

I am very happy to speak again, here in my home State, to the annual meeting of the Farmers Union Central Exchange. Your organization and its affiliated organizations have made and are making invaluable contributions to the well-being of farmers and their communities. Among the most significant of these contributions is the emphasis you have given to the concept of the American family farm. Therefore I think it is most appropriate for me to take this occasion to point out the urgent importance of our A-B-C-D Program for Agriculture in the 1960s as a means of sustaining and enhancing the value of the family farm in our nation.

This major goal of our A-B-C-D program too often is lost sight of in the public discussion of that program. There are several reasons for this. In the first place, there are the inflexible opponents of our program who for one reason or another choose to lose sight of that goal. Some of them do not believe in the family farm type of agricultural economy and therefore wish to avoid that goal. In their opposition they often mislead both the farmers and the public in general, adding confusion and misunderstanding to an attitude toward the farmer that is already too confused.

Another reason why the goal of this Administration in promoting a sound, prosperous family farm economy has become obscured is that

Address by Secretary of Agriculture Orville L. Freeman at the Annual Banquet of the Farmers Union Central Exchange, 7:30 p.m. (CST), Tuesday, March 13, 1962, St. Paul, Minnesota.

so many of the sincere, liberal, and usually well informed analysts of economic problems are actually not well informed about the farm problem. This lack of information and understanding is something I have worked hard to overcome, ever since -- and even before -- I became Secretary of Agriculture. I believe we have made progress in this effort, but much remains to be done.

As a consequence of this lack, many well-meaning people look at and understand only a part of our program -- and they talk about "hard choices" and "sacrifices" without noting that the "choices" are forced upon us by existing facts of life, and without seeing that if there are any "sacrifices" they will be made only in order to achieve greater gains.

Finally, the significance of our A-B-C-D program in strengthening the family farm economy is often blurred and obscured by an unrealistic misconception of the nature of the family farm.

Too often the picture of a family farm reflects conditions of a generation or even a century ago. Horses pull the plow. Cows are milked by members of the family sitting on three-legged stools. Butter is even made in an old barrel churn which the children crank by hand after they have come home from school. In the evening the family gathers around the dining room table illuminated by a kerosene lamp.

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As long as the term, "the family farm," conjures up nostalgic images of the days before hybrid corn, before combines and milking machines, before the Rural Electrification Administration, so long will many people find it difficult to fit this concept into the needs of today. They will find it difficult to evaluate the importance of sustaining the family farm as the foundation of our farm economy.

Therefore I would like to emphasize just three things tonight. First, I would like to make very clear what I mean when I speak of the family farm. Second, I would like to express my conviction that the family farm economy is of utmost importance: to our farmers, to our rural communities, to our national well being, and to the cause of freedom in the world. And third, I would like to emphasize the goal of our A-B-C-D program for agriculture in sustaining and strengthening the income of the family farm, and thus assuring its future.

It seems that it is very hard to define a "family farm." I must admit I was rather shocked at one stage of the Committee hearings in the House of Representatives last year when the term was temporarily stricken from the agriculture bill, apparently because of the difficulty in reaching agreement on its meaning. My own support of the family farm has often been criticized as the support of an outdated institution. There is obviously a wide area of public misunderstanding as to the meaning of a "family farm."

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But I know what I mean by the family farm, and I think most of you do too.

It cannot be defined either in terms of acres or investment. The reason for this is obvious, because mechanization -- the technological revolution in agriculture -- has constantly increased the size of the efficient farm unit that can be operated by one family. And because conditions vary so widely among different parts of the country and with regard to different crops, size is not a criterion for the "family farm."

To me, the family farm is a unit of agricultural production characterized by the fact that the owner or operator who manages the farm is the farmer himself, and the farmer himself has the incentive to do a good job because he will be rewarded accordingly. Of course, he may hire some labor. But the family farm is distinct from a huge corporate farm operating entirely by hired labor. It is different from a state-owned collective farm. Its distinguishing feature is the incentive and enterprise that comes with individual ownership.

Perhaps the family farm concept can best be illustrated by the conversation that took place between a family farmer and a worker on another kind of farm, who were comparing the merits of their respective lots.

The family farmer said: "I work hard from sunrise to sunset, and even later. I worry about weather and about prices, but I look with pride on the growing crops and healthy cattle.

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"I don't have all the machinery I need and it seems to break down all the time, but I can get a little more each year. I don't earn as much as I would like, but I think I will do a little better each year because I can get better seed and more fertilizer. After twenty years I expect to have a new house and a better barn and the farm all paid for. Then I won't have to work so hard and it will be all my own."

And the worker on the industrialized farm said: "I work only an eight hour day. I get out one of the tractors each morning, and work the field to which I am assigned. When my eight hours are up I can go home and put on a clean shirt and look at television. My foreman isn't too bad. I don't have to worry about weather or prices, because the union gets me a decent wage. I can save a little out of that wage, and I figure that, if I can keep this job for 20 years, I'll be able to save enough money to make a down payment on a farm of my own like yours."

I think the family farm concept revealed by that story is very important to our nation and our people. Our family farm economy has developed the world's most productive agriculture, in part because the farmer himself stands to gain by better seed and fertilizer, by ~~better~~ farming practices; in part because his incentive makes it unnecessary for a foreman to check on his hours of work.

The family farm also represents the best social and cultural values of rural life. It is the only bulwark supporting our towns and villages.

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It remains one of the greatest strongholds of individual enterprise in our nation. I do not regard these features as of sentimental value only. They are a part of the American way of life.

Furthermore, I am convinced that while mechanization has changed the nature and the operation of the family farm, its basic concept remains the same. To those who suggest that it is outdated, and that progress will inevitably replace it with huge, industrialized, factory-type operations -- and that to delay or forestall such a development is only to stand in the way of progress, I would point out certain facts about farming that make it essentially different from the manufacture of shoes or automobiles.

I would note, for example, that you cannot make an assembly line out of the seasons of the year, out of sunshine and rain. And these elements of nature determine when wheat should be planted, when corn should be cultivated, when soybeans are ready for the harvest. These are only some of the features inherent in the production of our basic crops that indicate the real economic advantage of the family farm.

The family farm economy has proved its superiority by developing the world's most efficient and productive agriculture. I believe that -- on a basis of cold, hard economics -- it can compete with any other system, provided we build a framework within which the family farmer has the opportunity to earn a fair income.

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Our family farm economy is a national asset in one other way. It is a concept and an ideal that can make a substantial contribution to the cause of freedom in the world.

I am sure that you have read of Khrushchev's recent admission of the failures of communist agriculture in its attempts to achieve adequate production in the U.S.S.R., and of its even more serious failure in Red China. Some of you have seen at first hand, as I have, the sad plight of agriculture in the emerging nations of the world where those who till the soil have no land of their own, no modern methods, and no hope for a decent life -- unless they can change their system.

The emerging nations are at the crossroads. They cannot achieve economic growth they need to raise their levels of living unless they achieve a more productive agriculture. They cannot achieve this without land reform. Thus, within our system of agriculture there lies a potent weapon against communism of which we have not yet made sufficient use.

Recently I was told by one of the leaders in India that they were not nearly as impressed with America's ability to produce automobiles and appliances and ICBMs as they were with our ability to produce more than enough food with only 9 percent of our working force.

Think of what this can mean to millions of people who have never had enough food, and who never even dream of more than enough!

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Think of what this can mean to developing countries -- seeking to catch up with the more advanced nations and seeking higher levels of living. Think of what this means to nations at the crossroads -- whether they call themselves neutral or non-aligned -- as they look abroad and face a choice between communism and freedom.

They look at Red China and they see hunger greater than their own, and the failure of communist agriculture. They look at the Soviet Union, and they see the Russian counterpart of our Secretary of Agriculture fired because of agricultural scarcity (not surplus), and they listen to Khrushchev publicly call upon Russia to catch up with the United States in the production of food!

These are nations at the crossroads. In most cases they are now -- this year and next year -- making policy choices that can determine whether their agriculture, yes, and their entire social and economic structure -- will follow the communist pattern, or whether they will seek to adapt to their needs and conditions our family farm economy based on individual enterprise and the ownership of the land by those who cultivate it.

The leaders in these developing nations know that their people are hungry. They know that most of their people depend on agriculture for what meager living they get. They want to choose the system that will work the best. And by far the greatest response I got, when I spoke in these countries in southeast Asia and the Far East, was when I said that to hungry people food on the table was more important than satellites in the sky!

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We should, therefore, make every effort to tell the world of the superiority of the family farm economy, which is so efficient that it is possible for us to use billions of dollars worth of food in our foreign assistance programs.

And, in connection with these programs, I would emphasize that this Administration seeks to direct our agricultural abundance into every possible sound and constructive channel. This is a more difficult job than is fully appreciated by those who have not experienced the problems involved. We must, for example, seek to make sure that our food reaches and helps the people that need it most; that it contributes its maximum to economic development in the emerging nations to which it is sent; that it is not used to deprive friendly nations of markets they need and should have; and that it is not used to delay the development of better agricultural production in the recipient nations themselves, without which they can never fully achieve higher standards for all their people.

In our efforts to ~~make~~ the greatest possible effective use of our agricultural abundance as an instrument for peace we work primarily through Public Law 480, but we are also seeking to develop and expand international, multilateral efforts toward that end. One of the most outstanding citizen leaders in American efforts to combat hunger throughout the world is the National Farmers Union president, James G. Patton, from whom you will hear directly and eloquently about this program tomorrow evening. Tonight, therefore, I will not expand any further on this subject. But I do want to emphasize that, throughout our efforts to formulate a sound program to solve our domestic farm problems, this Administration has given - and is giving - constant attention

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to its stated goal of making the maximum possible constructive use of our agricultural efficiency and productivity to relieve hunger and promote freedom throughout the world.

As we recognize the efficiency and productivity of American farmers, as we recognize the great asset that we have in the family farms of this Nation, we must make sure of their opportunity to gain adequate rewards for their achievement. This strengthening of farm income is a basic goal of the A-B-C-D Program for Agriculture in the 1960's.

We are pleased that the downward trend in farm income was reversed in 1961, with a resulting billion-dollar increase over the previous year. This has been a good start. However it was accomplished under emergency programs that will expire without further legislation. Thus, today, we urgently need the broad, comprehensive program that is incorporated in the Administration's A-B-C-D recommendations. It is a program that takes into account the interests of the farmers of this nation and the well-being of our national economy. It recognizes the facts, and honestly faces the problems and choices that these facts impose upon us.

The basic fact relevant to achieving farm income is that, while economic efficiency and economic power are related, they are two different things. The family farmers that produce most of our food and fiber have raised economic efficiency in agriculture to the highest level that the world has ever known. But as individual farmers they cannot control the supply that reaches the market, and they therefore cannot achieve the economic power that is essential to bring about adequate incomes.

I know of no serious student of our farm problem who does not recognize that its solution depends on a balance between the amount we produce and the amount we can use. This balance is an essential element in our achieving and assuring -- over the years ahead -- an income level necessary for the preservation of the family farm as the foundation of American agricultural economy.

In formulating our program to achieve this balance for those commodities that are in serious surplus -- feed grains, wheat, and dairy products -- we have studied the lessons of the past.

What are these lessons?

We have learned from experience in the 50's that the lowering of supports tends to increase rather than decrease production, because each individual farmer, with relatively inflexible investments and costs, tends to make up for lower prices by increasing his output in a lonely effort to stay in business.

We have learned that attempts to take land out of production by paying for the diverted acres, but without any accompanying measures for taking out specific kinds of cropland or any measures for supply management, fail for reasons that are obvious. Farmers naturally choose to divert the poorest cropland. And science and technology enable them to raise ever increasing quantities from the good land that remains.

We know that the abandonment of all farm programs, with resulting unlimited production and no supports, would bring about such a drastic decline in prices that we could expect wholesale bankruptcy, with millions

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of farmers losing their farms, and millions of people thrown out of their accustomed occupations and ways of life.

It is possible that, at such a cost, a temporary balance might be achieved. But that cost is too great for this enlightened nation in this enlightened age.

On the other hand, we have had years of successful experience with supply management in certain crops, like tobacco, rice, peanuts and cotton. In formulating our programs for balance we have sought to learn from both our failures and our successes.

Our program for balance, therefore, presents practical measures whereby we can manage our abundant productive capacity. Moreover, it does it with an emphasis on freedom, and on the principles of democratic choice.

The A-B-C-D program emphasizes the maximum amount of freedom that is consistent with the one element that is most essential to the maintenance of free, individual enterprise on our family farms -- the possibility of earning a fair income. The freedom of a farmer to earn a decent income, and gain an American standard of living for his family, is more important than whether he plants 40 or 50 acres of corn. His freedom to contract with the Government as to the terms with which he agrees to comply, in return for support prices that mean a decent income, is of utmost significance. His exercise of this freedom of choice, democratically along with other farmers, offers no more justification for a charge of "regimentation" than it would if applied to our freedom to drive on the

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highways of this land -- a freedom that we would not have if we had not given up the freedom to drive on either side of the road at any rate of speed. We are free to live in an orderly and peaceful society only because we have chosen to enact laws -- by vote of the majority -- that restrict the freedom of us all.

Therefore our program offers a choice to the American farmers, a choice that will be imposed on all only if voted by a two-thirds majority. This choice has been described as a "hard choice", but I would like to emphasize that it is not as hard as it seems at first glance -- and certainly not as hard as our opponents would have you believe.

On the one hand, the regulations that are proposed are not so burdensome or restrictive as is sometimes feared -- and you know that they are not of the kind that would call for the "policeman at every crossroad" that you may have heard about! They are similar in nature to regulations that have been in effect for many years for such crops as tobacco, and, as such, they have repeatedly been endorsed by 95 percent of the farmers and by all major farm organizations.

On the other hand, the choice is softened by the bright prospects that will result from the total implementation of the entire program. For these prospects include not only the goals of lower Government costs and higher farm incomes, but they also include a use of our resources to meet urgent, but presently neglected, needs of all the people of the United States.

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They include land no longer wasted by the production of things we cannot use -- but rather providing wholesome outdoor recreation for which there is great need.

They involve a conquest of rural poverty, and rural renewal programs that can do for men, women, and children in the country what we expect of urban renewal programs in our great metropolitan areas.

Our program for development and renewal of rural America is an integral part of our comprehensive farm program. We do not propose to drive people off the farm. Nor do we intend to permit machines and other technological developments to drive men, women and children off our farms without seeing that they are provided with the training and opportunities for other occupations and for an improved way of life, whether that be on our farms, in our small towns, or in the cities. We seek to expand and improve our programs of technical and financial assistance to enable competent and efficient farmers, who lack adequate resources to ~~make~~ farming successful, to acquire such resources.

Our first object with respect to farm opportunities, then, is to create economic conditions in agriculture which will make it possible for an efficient farm family with an adequate farm to earn a living comparable to other economic groups.

But there are also many cases where part-time farming can be made to fit happily into an economic pattern for semi-retired people, or for people with some other sources of income, who can still live on the land and contribute to the well being of rural communities. These, too, are a vital part of our family farm system.

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The basic foundation of a prosperous rural area is the opportunity for families on both full-time and part-time family farms to have adequate incomes. We are now organizing our operations within the Department of Agriculture to coordinate the activities of all agencies in order to give maximum services to families in rural areas. We are developing a program whereby all of our USDA policies and programs will be reviewed in terms of their impact on the family farm pattern of American agriculture.

The rural areas development programs in our total Program for the '60's will be designed to achieve the maximum total economic opportunities in rural areas by encouraging industrial and commercial development, strengthening full-time and part-time family farm operations, maintaining the optimum farm population in rural areas, protecting and conserving natural resources, improving educational opportunities, and assisting in providing recreational and community facilities.

This is a program with many parts, as it should be in a free country where people should be free to shape their own destinies. Nevertheless it is a practical program which can achieve much to strengthen our American way of life.

Its many parts are reflected in the A-B-C-D's of Abundance, Balance, Conservation, and Development:

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A. We seek to use our Abundance in the production of food and fiber at fair prices in quantities sufficient to meet the needs of all Americans and to combat hunger and contribute to economic development in the free world.

B. We seek a Balance between the abundance we can produce and the quantities we can use -- a balance that is essential to avoid the waste of private effort and public resources that results from producing more than can be used -- a balance that will make it possible for efficient family farmers to earn incomes comparable to those earned in non-farm occupations.

C. We seek the Conservation and wise utilization of our land and water resources, to adjust their use to both the conditions of today and the potential needs of tomorrow, thus insuring abundance for our children as well as ourselves.

D. We seek the maximum Development of human resources and of rural communities, programs aimed at ending rural poverty and at opportunities for education and employment that will extend to people in every rural area in the nation the advantages of a high, truly American, standard of living.

We are confident that these goals can be achieved, and that great strides can be made toward their achievement in the 1960's. I urge you to join this Administration in its rejection of the defeatism that says that the farm problem is impossible of solution. We have heard far too many such statements in the past few weeks and months. I would like to ask those who say that the farm problem cannot be solved to consider seriously the implications of that statement.

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Are we going to say that within our democratic system we cannot solve the social and economic problems that are related to our abundant productivity? Are we going to tell the world that we can produce abundance but cannot manage it in the interest of all? Are we going to affirm that our family farm economy has developed the world's most productive agriculture and that this productive efficiency reflects the incentive and enterprise that comes with individual ownership, and at the same time admit that we cannot create conditions under which that incentive and enterprise can earn a fair reward?

I say No! Because we really believe in the superiority of our political and economic ideals we must prove that they work -- that they can meet the challenge of change and the challenge of abundance. We must prove that our family farm economy can produce -- not only abundance, but adequate incomes and soundly balanced production.

I believe that action toward our goals is urgent today. Further drift and delay will only add to the confusion and make a sound choice more difficult than it now is.

Yet I believe that making the right choice for a sound, comprehensive farm program today will do more than restore strength to farm income and to our farm economy. I believe it will measure our ability to face the problems of a new age and meet the challenges of abundance within the framework of democracy. It will help to prove that these challenges and problems can be met most effectively under freedom.

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APR 23 1962

AGRICULTURE AT THE CROSSROADS

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I welcome this opportunity to speak to this meeting of the National Farmers Union. I welcome it especially because of your dedication to goals in agriculture that are in the best interest of the farmers of the United States, of the people of this Nation, and of the advancement of peace and progress throughout the world.

The programs and policies of the National Farmers Union have long recognized that what is good for this country is good for the farmers. You have sought consistently to achieve a program in food and agriculture that would assure the American family farm the opportunity to earn a fair income, and an abundance of food and fiber sufficient to provide high standards for all Americans. And you have recognized the role of food as an instrument to combat hunger and to assist in the economic development of other nations.

I know that you would want me to speak tonight in terms of these goals -- in terms of the progress we've made toward their achievement -- in terms of how far we have progressed along the road toward the new frontiers for agriculture.

I want to emphasize the urgency of positive action to reach these goals. I want to emphasize as strongly as I can the need for the enactment of measures to strengthen farm income. In spite of the income gains that accompanied the 1961 farm legislation, the economic position of the family farm is not secure today. And because its income position is not secure, its survival is not assured. Legislation to provide better incomes for the family

Address by Secretary of Agriculture Orville L. Freeman at the Banquet of the National Farmers Union Convention, Shirley Savoy Hotel, Denver, Colorado, 6:30 p.m. (MST), Wednesday, March 21, 1962.

farm is thus an imperative necessity for progress along the road to our goals for agriculture in the years ahead.

We are literally at a major crossroads along that road today. We have passed several road signs that have indicated where we have been and where we are going. Some of the signs are a little confused, some are hard to read. Some of them are faded with the years. Some are so mutilated and spattered with mud -- thrown up either accidentally or deliberately by those who do not want to go our way -- that they even seem to point in the wrong direction. Some are vague because those who constructed the signs were not sure of the way they wanted to go, or of the way they were going.

But some of the signs are clear. Others we can interpret accurately only after studying the road map. If we will recall the signs that we have passed, and compare them with the landmarks on the route we have traveled, we can judge the accuracy and validity of those signs.

I would like to have you study these signs with me tonight. For we must choose the right direction. We must interpret these signs for the farmers of this Nation -- for the people of this Nation -- in order that they may choose the road that will take us, most directly and with the least difficulty, toward the goals we seek on the new frontier.

I would have you note, for example, one sign that was put up only a week or two ago when a vote of the House Agriculture Committee turned down this Administration's urgent request for a resolution to retain the present support price for milk until we could secure the enactment of a program that would adjust the production of milk and its products to quantities we can use. This sign clearly warns the dairy farmers of America of the drop in income they will all suffer when prices drop --

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as they must under the law and the supply situation that now prevail -- to 75 percent of parity on April 1st. I do not know whether it is now possible to get that rough stretch repaired before we must travel that road. As of now, that sign clearly spells out the difficulties ahead for dairy farmers all over the nation, the bumps and shakeups to be expected -- a road so rough that some may break down and have to give up before they can reach a smoother road. This sign is one clear portent of what may happen to incomes on family farms all over the nation if we do not choose the right road.

There are other signs.

But let us first go back to review the road we have travelled, to examine the signs and difficulties we have encountered on our way to this crossroads.

In many ways, most of the decade of the 1950's was a bad dream to the American farm family -- and like all bad dreams, is more easily forgotten than remembered.

In the beginning years of the 1950's the American farmer was regarded as the man who had helped win the war by feeding and clothing the American people, our armies, and our allies. He had, after the war, helped feed millions of people in war-torn nations. He kept starvation and famine from the world's doorstep. He achieved a level of productivity which supplied this nation with an abundance the world had never before seen.

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Yet in eight short years, the American people forgot the remarkable achievement of the farmer. They lost sight of his success, and gradually came to view him as a self-seeking individual more interested in getting a handout than in earning a living. This distorted view was not entirely accidental. Some of the press helped build this picture, and no one in prominent public office spoke out against this misunderstanding. In fact, the national voices that should have brought understanding to the public were, instead, directed toward furthering the distortion.

In eight years, the farmer saw his net income decline steadily during a period when other incomes increased steadily. There seemed to be little hope. The level of farm productivity rose continually, but income continued to fall. In 1952, the government had on hand about \$2.5 billion in farm produce, a reasonable level of commodities to meet emergencies and to bring stability to the market. In eight years, by following policies mistakenly thought to reduce the buildup of unused food and fiber, the government by the end of 1960 found itself with a \$9 billion inventory. The cost of supporting farm income rose, although farm income declined. In those eight years, more was spent to achieve less than at any time in the history of modern agriculture.

Another example of the direction agriculture took during the 1950's can be found in the distortion of the meaning of the basic principle of parity. For many years "parity" had pointed the direction toward a goal for American agriculture. But the 50's saw this concept narrowed and changed.

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Parity is a good word. The dictionary gives its first and principal definition as "equality in amount, status, or character." Parity, then, is another way of expressing the principle of equality that America has always stood for, that our founding fathers wrote into the Declaration of Independence, a principle that no American dares openly deny. Parity to agriculture originally pointed the way to an equal status with other segments of our economy -- equal opportunity to achieve reward for capital, labor and managerial skill invested in farming equivalent to the rewards received when the same amount of capital, labor and managerial skill are invested in other enterprises.

You can remember what happened to the meaning of parity in the past decade. There was talk of 100 percent of parity, and then 75 percent of parity. Then you began to hear about a "moving average" of the last three years, and about "sliding scales." By the time all of these distortions had been superimposed on the "parity" road sign it became so blurred that to millions of people it came to mean subsidy. Equality and fairness had been eliminated.

Yet, in the United States, the principle of equality has always meant equality of opportunity. It has never meant a hand-out, certainly not to American farmers.

Equality is a principle and an ideal, and it is subject to measurement as such. When parity first entered the American agricultural vocabulary, the standard or yardstick, applied for practical purposes, was the price relationship that existed in the period 1911-14.

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It was chosen because that period reflected a time in the history of our economy when the earning power of agriculture in relation to its costs and to other segments of our economy seemed to be in relatively equal balance. This yardstick served its purpose as it was first applied, and following World War II, prices generally held to around 100 percent of parity as that yardstick was used.

But the yardstick, or the measure of a goal, should never be mistaken for the goal itself. During the 1950's the yardstick of parity became so blurred with figures and percentages and slippery language that its original meaning became obscured and distorted. It is time to clarify and brighten the original goal of equality. The signposts we set up today must clearly point to an equality of opportunity that will enable farmers to earn incomes on a par with other segments of our economy.

There were other signs in the 1950's that proved to lead in the wrong direction. There was the sign that said "lower support prices" that was unaccompanied by any provision for managing supply. This signpost was supposed to lead toward a reduction of surpluses and of government costs. Instead it led us to greater surpluses and higher government costs than ever before, and it led farmers down a steep hill of declining farm income, made more difficult by rising incomes of other segments of our economy. And down that hill, along with the farmers, went people and communities of rural America.

Surely we will not be misled by that sign again!

A little more than a year ago we set out to reverse this direction. We studied the roadmaps. We set forth clearly the goals we sought to reach. We sought to find the best paths by which to approach those goals. And we begin the task of correcting and rebuilding the signboards along the way.

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In all these tasks this Administration sought the help of all major farm organizations, and I am happy to note that all but one have been full partners in the effort.

The road we have travelled in the past 14 months has brought us to strengthened programs for Food for Peace, for farm credit, for development of rural communities, for the more effective use of our nation's food abundance to enrich the diets of those at home whose nutrition could be improved. These are landmarks to which we can point with a real sense of progress and achievement.

Another landmark that we are approaching is that point at which the American public will fully understand the true story of American agriculture. At every opportunity, we in the Department of Agriculture have pointed out that the American people eat better at less real cost than any people at any time in history; and that the American people are the beneficiaries of the fact that the American farmer has become the most skilled technician-scientist-manager the world has ever seen. We have succeeded in getting cooperation from press, radio and TV; and the non-farm leaders of public opinion are helping in this direction.

I might say here that, in this age of public relations and institutional advertising this is no more than we owe to the farmers of America. The producers of things ranging from automobiles to cosmetics spend millions to tell the public how efficient they are. The processors and handlers of agricultural products also spend millions to tell the

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public how much they contribute to our standard of living. This is well and good. But by the same token, and again in the interest of equality, those millions of individual farmers who produce our basic commodities have richly earned a voice in their behalf. I regard this as a major responsibility of the Secretary of Agriculture. And I sincerely trust that most members of our great farm organizations will continue to support this effort.

Another landmark that has characterized the past year is the reversal of the downward trend in farm income. Net farm income has risen almost 9 percent, or \$1 billion, to the highest level since 1953. Report after report indicates that small town merchants and businessmen have seen business improve 10 to 15 percent as farmers spend money to satisfy pent-up demand. This worthwhile progress has accompanied the temporary and emergency legislation for wheat and feed grains that the Congress passed a year ago.

I invite you to go back with me along that road to the early months of 1961. I said then, that we were approaching the crossroads. This Administration then proposed legislation that would provide a framework within which the farmers could have a direct voice in formulating their programs. The Congress preferred to meet immediate needs by temporary programs that went in the right direction, and directed this Administration to recommend long range commodity programs to reach our goals.

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This we have done. I believe that we are now at the crossroads that we were approaching a year ago. There are several signs that indicate that we face, this year, our last good chance to choose the most direct road that leads to a broad, comprehensive national farm program.

The A-B-C-D farm program that this Administration is recommending to Congress has been formulated as painstakingly and presented as carefully as we know how -- to chart our course toward the broad goals of Abundance, Balance, Conservation and Development. It recognizes the budgetary needs of our nation, and faces squarely the fact that we can neither ask for nor expect that Government expenditures for farm programs will continue to increase. Yet it also gives maximum emphasis to that strengthening of the farmers' incomes that is essential if the efficient family farm economy is to survive.

There are several signs along the road today that encourage us to believe that the non-farm public is ready to accept this common sense farm program at this time. I have already referred to a changed attitude toward farm problems, on the part of those in our cities. There is a greater appreciation of the contributions our farmers make to our national well-being. There is a greater understanding of the farmers' problems. I sense a willingness on the part of those who speak for the non-farm majority to go along with support for a program that will enable the farmer to raise his economic opportunity -- provided the farmer will face the fact that he must adjust his production to quantities that can be used.

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These are signs that should impel us to choose the road of managed abundance this year. The A-B-C-D program has mapped this road toward the new frontier as carefully as it is possible to do at this time.

What about alternative paths that lead away from this crossroads?

There is the direction indicated by the so-called cropland retirement bill presented by our opposition, on which hearings were held last week. This road leads to an increase in government costs, a decrease in farm income, and -- even at this great cost -- it fails to reach any permanent solution to the problem of surpluses. If we were to follow this vague, ill-defined path we would soon find ourselves on a road leading to abandonment of all farm programs. The same signs are posted along other paths directed toward a deliberate lowering of price supports without any measures to adjust supply effectively.

But the road that leads to the abandonment of all farm programs is marked by such a catastrophic drop in farm prices that the result could only be widespread farm bankruptcies and farm depression. Millions of people would be thrown out of their accustomed occupations and ways of life. The farmer who loses his farm would then have a new freedom -- to go to the city and look for a job there.

We cannot take that road.

But, the question arises, do we need to choose now? As we pause at this crossroads to review where we have been and where we are going, as we face the crucial choice of which road to take, there are many that are plagued with indecision.

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Why not just re-enact the emergency measures passed last year? Why wouldn't that be better than a whole new program? Those measures have been followed by nearly a 10-percent increase in farm income. Perhaps they have even satisfied the farmers enough so that they are not too excited about getting a comprehensive farm program.

So why not wait at the crossroads for yet another year? Or perhaps another year after that? Why not postpone the decision? What harm can come from this easier course of putting off the day of facing the facts of the technological revolution in agriculture and thus avoiding the right -- and the responsibility -- of choosing our course?

One must look a little farther for the signs that give the answers to these questions. But the answers are there. The costs to the government of such programs would be likely to continue to rise, and thus the day of final reckoning would only be postponed. Most seriously, it might be postponed until a time has arrived when a sound, comprehensive program like that of the Administration's proposal this year, would be less likely to win the acceptance of the non-farm majority.

The time may come when a Secretary of Agriculture who seeks to speak for the interests of the farmers will be criticized even more severely than he is today for not speaking, instead, for the interests of those greater numbers involved in the handling and processing of farm products.

The time may come when the numbers of those who have little knowledge and less understanding of farm problems so far exceed those who have had direct experience with the farmers of this nation that the building of adequate understanding will have become a herculean task.

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The passage of time, will, I am convinced, make the solution of the problems of agriculture harder -- not easier. Further delay will mean less likelihood of attaining a common-sense program that will raise the level of farm incomes in America as it helps the national economy as a whole.

If we pause too long at the crossroads, the traffic jam of piled up surpluses and towering costs may so impede our progress that we risk losing the way to reach the goals we share.

Thus I submit that it is now our task and our responsibility to choose the right direction and get started on our course. It is an urgent task. It is entirely possible that the fate of the family farmers of this nation for the next 10 years will depend on what takes place in Washington in the next 10 weeks. And what happens in Washington in the weeks ahead may well depend on the attitude of the farmers of this nation, and the action of their own farm organizations.

We have an opportunity now to choose a course that will lead to the goals of Abundance, Balance, Conservation and Development.

Let me review, briefly, the significance of these goals.

A. We seek to use our Abundance in the production of food and fiber at fair prices in quantities sufficient to meet the needs of all Americans and to combat hunger and contribute to economic development in the free world.

B. We seek a Balance between the abundance we can produce and the quantities we can use -- a balance that is essential to avoid the

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waste of private effort and public resources that results from producing more than can be used -- a balance that will make it possible for efficient family farmers to earn incomes comparable to those earned in non-farm occupations.

C. We seek the Conservation and wise utilization of our land and water resources, to adjust their use to both the conditions of today and the potential needs of tomorrow, thus insuring abundance for our children as well as ourselves.

D. We seek the maximum Development of human resources and of rural communities, programs aimed at ending rural poverty and at opportunities for education and employment that will extend to people in every rural area in the nation the advantages of a high, truly American, standard of living.

We are confident that these goals can be reached, and that great strides can be made toward reaching them in the 1960's. I urge you to join this Administration in its rejection of the defeatism that would have us linger at the crossroads because of the assumption that we cannot find a way to reach these goals. I have heard far too many statements to this effect in the past few months. I would like to ask those who say that the farm problem is impossible of solution to consider the implications of that statement.

Are we going to say that within our democratic system we cannot find ways to solve the social and economic problems that are related to our abundant productivity? Are we going to tell the world that we can

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produce abundance but cannot manage it in the interest of all? Are we going to affirm that our family farm economy has developed the world's most productive agriculture and that this productive efficiency reflects the incentive and enterprise that comes with individual ownership, and at the same time admit that we cannot create conditions under which that incentive and enterprise can earn a fair reward?

I say No! Because we really believe in the superiority of our political and economic ideals we must prove that they work -- that they can meet the challenge of change and the challenge of abundance. We must prove that our family farm economy can produce -- not only abundance, but adequate incomes and soundly balanced production.

And because we believe in the right of the people to choose, we must face the responsibility of choosing the right road.

I would like to conclude by describing that road ahead as pointed out by the Administration's A-B-C-D program.

True, it is an uphill road. It leads uphill because we must start from where we are and proceed under conditions that exist -- whether these conditions relate to economics, politics or technological and scientific change.

Along this road we find a new security for the American family farm. The family farm has produced the greatest agricultural productive efficiency ever known. It represents the best social and cultural values of rural life. It is the principal bulwark supporting our towns and villages.

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Along this new road the family farm will find what it now lacks -- the economic strength that will enable it to continue as the foundation of our agricultural economy.

Along this road we find progress toward the conquest of rural poverty, and rural renewal programs that can do for men, women and children in the country what we expect of urban renewal programs in our great metropolitan areas.

Along the road we find land no longer wasted by the production of things we cannot use -- but rather providing wholesome outdoor recreation in many forms for which there is a great and growing need.

Along this road we find farmers who are truly free, enjoying the one basic freedom without which individual family farm enterprise cannot survive -- the freedom to earn a good living and to achieve American standards for the farm family.

By choosing the right course for a sound, comprehensive farm program today we will do more than restore strength to farm income and our farm economy. We will demonstrate our ability to face the problems of a new age and meet the challenge of abundance in basic human needs. We will help to prove that the peoples' choice is a firm foundation on which to face other challenges of today's changing world. We will help to prove that these challenges and problems can be met most effectively by democratic choice in a free society.

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2 The "human element" in farm policy can be lost from consideration by "wild and reckless" language which ignores fact and substitutes fantasy, Secretary of Agriculture Orville L. Freeman said today.

He spoke at the annual Greater Moorhead Day celebration in Moorhead, Minnesota.

"The American public, which today consists of 92 percent of persons who do not live on farms, is being treated to a public debate on farm policy in which fact and reason are being answered by wild and reckless statements which have little bearing on the problems the American people must solve in this decade.

"In this context, when facts are lost in wild flights of fantasy, neither the farmer nor the general public can appraise the situation realistically. And, when this happens, the public may react by washing its hands of the whole business.

"The tragedy of this could be that Democracy would be impotent to exercise its concern for human values -- the human element of public policy can be driven out by reckless and irresponsible action. Yet, this concern for human values is one of the unique characteristics of Democracy which sets it apart and above other political systems."

The Secretary noted that debate on farm policy must recognize these basic facts written by the current situation in agriculture:

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at the Greater Moorhead Day celebration, Moorhead, Minnesota, March 22, 1962, 6:00 p.m., CST.

*Farmer income has been at unsatisfactory levels relative to incomes of nonfarm people. Some two million farm families on inadequate sized units have been particularly disadvantaged. But many full-time, commercial farmers also have had low incomes.

*The economies of small-town and rural America are dependent upon a prosperous agriculture -- an agriculture composed of many thousands of efficient family farm units. If rural people are to have equal opportunity with nonfarm people, rural educational and economic opportunities need to be as good on the land as they are in town.

*A return to a "no program" agriculture would put farmers through a searing agricultural depression. In such an event, an abandonment of programs would result in farm prices and incomes at disaster levels -- where they would stay for a long time.

*The technological revolution in agriculture is real -- and non-reversible. Output of farm commodities is expanding at an unprecedented rate.

*Agriculture has produced in recent years some 6 to 8 percent more than the market would take. It will continue to do so -- as far ahead as can be seen. Domestic demand expands significantly only with population growth, and production potential is growing more rapidly than consumption prospects.

*Agriculture -- with some 3.7 million individual units -- is not able by itself to make desired adjustments to excess supply or reduced demand. Lower farm prices generally do not assure lower total farm output unless price declines are extreme and sustained. Farmers are linked to the land

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by a long heritage, not simply by dollars and cents. They often increase their output despite lower prices in a lonely effort to stay in business.

*The public cannot continue indefinitely to make large budget expenditures to acquire stocks of commodities that will go unused.

"It is therefore in the public interest to increase farm incomes to levels comparable with other segments of society, just as it is in the public interest to reduce the Government cost of supporting farm incomes. This can be done only by reducing the cost of acquiring, storing and handling billions of dollars' worth of unused commodities.

"The administration's A-B-C-D farm program is designed to accomplish these two goals, with a constant and vital concern for the human element involved in any program or policy which our Democracy must always consider.

"We seek to use our Abundance in the production of food and fiber at fair prices in quantities sufficient to meet the needs of all Americans and to combat hunger and contribute to economic development in the free world.

"We seek a Balance between the abundance we can produce and the quantities we can use -- a balance that is essential to avoid the waste of private effort and public resources that results from producing more than can be efficiently and effectively used -- a balance that will make it possible for efficient family farmers to earn incomes comparable to those earned in non-farm occupations.

"We seek the Conservation and wise utilization of our land and water resources, to adjust their use to both the conditions of today and the potential needs of tomorrow, thus insuring abundance for our children as well as ourselves.

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"We seek the maximum Development of human resources and of rural communities, programs aimed at ending rural poverty and at opportunities for education and employment that will extend to people in every rural area in the nation the advantages of a high, truly American, standard of living.

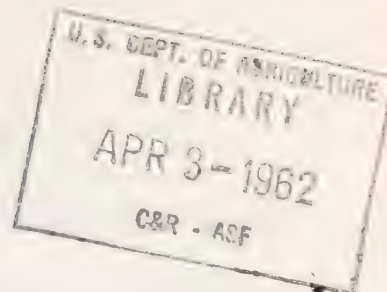
"I can express these goals in another way. Recently, I have received a number of letters from farmers, and each says the same thing. One came from a farmer in the Western Dakotas who said that he was 55 years old. He had barely survived the last decade, and he felt that unless something was done soon he would have to leave the farm and go to the big cities to find a job where he could support his family. He did not look forward at 55 to try to find a new job. It was a lonely letter, and it came from the heart.

"We all have a responsibility to help our fellow man. This nation, as a Democracy, has a responsibility to help its citizens. The human element of the farm problem cannot be lost in the flood and tumble of irresponsible actions, or, as a Democracy, then we will be throwing away the quality which has made this nation stand strong and great.

"The Food and Agriculture program for the 1960's will help this farmer stay in his community, not out of charity and sympathy, but out of recognition that in helping him, we strengthen our whole economy and our whole nation.

"Both he -- and millions of other farmers -- can lose their freedom of choice if we fail to recognize the changing situation in agriculture -- if we fail to provide those rules which will protect his freedom."

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7/1962
4 p.m.
AGRICULTURAL MARKETING IN A FREE MARKET

I know that I do not have to convince you that agriculture is a pretty important business to people other than farmers -- nor that the Department of Agriculture's role is more than one of wrestling with surpluses and subsidies.

But I think it is a fact that the marketing services, research, regulation, and food distribution functions of the Department -- so well known to you -- are largely an untold story as far as the general public is concerned.

By the same token, our whole elaborate and complex food marketing system, of which you people are such an important part, is also largely unknown and unsung. Many people seem to believe that that food grew right there on the supermarket shelf.

Yet the importance of this food marketing business -- all of the processing, assembling, shipping, transporting, storing, buying and selling, wholesaling and retailing -- can hardly be overemphasized. To the farmer it is the key to his return for his labor and investment. To the consumer it is his lifeline -- the 9 out of 10 of our people who live in cities and towns depend upon it for their daily bread.

Address by Secretary of Agriculture Orville L. Freeman before the Marketmen's Association of the Port of New York and the Coordinating Committee of the Food Industries, Statler-Hilton Hotel, March 27, 1962, 1:40 p.m., EST.

I doubt that one person in ten knows that the marketing of food and other products of our farms is the nation's biggest business, employing 10 million people; or that the value of the food sold at retail alone exceeds 60 billion dollars a year.

Our free marketing system is viewed in many parts of the world with amazement. I can understand this -- I find it hard myself to understand how, with millions of individuals making millions of independent decisions every day -- to grow, to buy, to sell, to ship, to store -- we can have any kind of efficiency and order in our marketing system.

Yet it does work -- and amazingly well. It is vital that it should. If it did not, no matter how efficient, industrious, or underpaid our farmers, we would not today be enjoying the lowest real food costs in history.

Nor would most of us be able to take for granted that whatever our needs or desires for any and all types of foods, we have only to stop in at the grocery store and find it all awaiting us.

It has not always been this way, of course. Not so long ago fresh meat was available only at certain times of the year -- and many of us can remember the first commercially frozen foods. Orange juice, peas, strawberries and other seasonal foods that only yesterday were luxuries now are year-round budget-priced staples.

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Most people realize this in a vague sort of way. But the point that escapes them, I think, is that the processing, pre-packaging, and other services built into their foods -- largely in response to their own preferences -- mean a steadily increasing share of the food dollar must go into marketing costs. Most of them, I fear, tend to blame any rise in food costs on the farmer -- although since 1948, the farmer's share of the food dollar has steadily dwindled.

I think if more people understood this marketing story they might begin to understand that the price they pay for much of their food depends upon farmers' prices about as little as the price of automobiles and watches depends on the price of iron ore. They would not fear that a more realistic price to farmers for raw materials would threaten to raise their grocery bills to any significant degree.

And they might attach more importance to the work that the marketing system performs for them -- and understand the concern of the Department of Agriculture to help this system perform just as efficiently as possible.

For the past 100 years, it is true, the Department of Agriculture, State universities, and others have given emphasis to increasing efficiency on the farm. We have seen the result of this effort -- an abundance of food and fiber that not only meets our own needs but enables us to share our bounty with the rest of the world -- a highly mechanized, scientific farm industry that frees more than 90 percent of our population to produce all of the other goods and services we enjoy. Nowhere else in the world do so few produce the food and fiber for so many.

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USDA 1122-62

The Department of Agriculture now stands on the threshold of its second century of service to this country -- and from here it looks like an era of marketing. Farm production will continue to be more efficient as new technology comes along. With proper supply management techniques, the problem of surplus production will in time be ironed out so that farmers can begin to gain their proper share of the fruits of their own labor and ingenuity.

But for the great general public, new and undreamed of innovations are ahead in the realm of marketing. The application of science in this area is still in its infancy.

I don't mean to deprecate the progress that has been made -- as I said, without the gains we have made to date our marketing bill would be much higher than it is. But there is still room for improvement.

I was happy to take part in the start of one such improvement this morning. Out at Hunts Point in the Bronx the Mayor and others held ground-breaking ceremonies for a new fruit and vegetable wholesale market to serve New York -- the basic design for which had been drawn up by Department of Agriculture marketing researchers. Just this one modern marketing facility, it is estimated, will save 10 million dollars a year through cutting down waste, spoilage, and the unavoidable inefficiencies of the old Washington Street market. The Department's first report, urging improvement in the city's produce handling, was issued in 1940 -- 21 years ago!

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This is just one example of the way the Department of Agriculture is working with you toward more efficient marketing for the benefit of all the people.

I sometimes get the impression that most people in our cities look on the Department as an outfit that does nothing but pile up huge stores of grain with one hand, while with the other hand it doles out money to farmers to stop growing so much.

Yet a Congressional committee that surveyed the whole Federal government has reported that the Department of Agriculture performs more direct services for consumers than any other agency.

I could give you the whole list of these consumer service functions -- but I do have another speaking engagement this afternoon. Suffice it to mention a few:

Constant inspection to safeguard the wholesomeness of our meat and poultry supplies;

grading foods for quality;

developing new food and fiber products and improving old ones;

supplying our national school lunch and special milk programs;

basic research in nutrition to help the housewife improve the family diet.

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USDA 1122-62

Indeed, everything we do ultimately benefits the consumer. Maintaining a prosperous and stable agriculture means continued abundance, better varieties, a steady supply of food for the nation's homes.

Let me say here that I share your pride in the fact that we have in this country the most highly developed marketing system in history. It is the envy of many countries of the world where adequate marketing methods are a major stumbling block in developing a strong agriculture and the ability to feed their people. India, Japan, Greece, to name a few -- have sent Government officials and students here to study our marketing system and learn how we do it.

I must take this opportunity also to tell you how much we appreciate the cooperation we receive from you people and the industries and groups you represent. One good example is the "Plentiful Foods Program." We furnish the facts about foods that are temporarily in excess supply and the food industry digs in to promote them all over the country. You advertise and merchandise them and get them moving through trade channels. By encouraging consumers to buy these foods at the time of peak supply -- just a little shift in demand -- you help avert some serious price troubles for farmers and give consumers the benefit of "good buys." This saves the taxpayers money, too, because by moving the "plentifuls" through regular trade channels, there's less need for government purchase programs. I think you'll agree that the "Plentiful Foods Program" is a fine example of government-industry teamwork.

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I'd like you also to know that when food industry problems arise, the Department of Agriculture stands ready to help out if it can.

Right now in this area I understand some groups interested in stopping nuclear tests are claiming that the Nation's milk supply will become seriously contaminated with strontium-90 this spring; some of them are even threatening to boycott milk.

It might be pertinent to repeat right here what Dr. James M. Hundley, Assistant Surgeon General of the United States Public Health Service, said on this subject in January: "There is no reason whatsoever for the public to reduce consumption of milk or other dairy products due to fear of radioactive contamination. Even the peak levels of strontium-90 expected next spring will still be below levels which the Federal Radiation Council indicates would call for consideration of measures designed to reduce the levels in milk."

The danger to health from unwise shifts in the diet is much greater than the danger from nuclear fallout -- and if such unwarranted alarm persists, it can easily spread to other foods.

I hope you will join with us in trying to combat the effects of such unfounded fears wherever they crop up, just as you have joined with us so many times in promoting the consumption of various foodstuffs.

I feel very strongly that this kind of mutual cooperation between Government and industry will in the years ahead bring us many more gains than we already have experienced. This kind of cooperative effort by Government and private enterprise is one of the well-springs of strength and progress in our free society.

3 U. S. Department of Agriculture
Office of the Secretary

7, 1962

m I am most appreciative of this opportunity to talk to one of the country's most influential business groups -- and particularly at a time of impending crisis in our national agricultural policy.

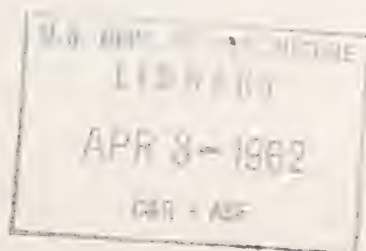
You are involved in this crisis -- not only as citizens, but as businessmen. The American farmer stands today at a major crossroads, and you -- believe me -- stand there with him.

A turn in the wrong direction at this critical juncture would have drastic repercussions, not only on the farmers, not only on rural America, not only on small business, but on big business as well -- they would all be hit where it will hurt. The impact would be felt through the whole economy. The consequence for agriculture -- for the family farm system that has proved the most efficient in the world -- could be catastrophic.

If I sound like a prophet of doom, let me hasten to say that I have every confidence that the Congress, in the next few weeks, will point our agricultural policy down the road recommended by the President -- a straight road leading to the heart of the agricultural problem. If we are unwilling to face up to hard decisions now, we will find ourselves meandering around in a morass of costly, futile half-measures that will lead us nowhere -- except possibly to disaster.

Address by Secretary of Agriculture Orville L. Freeman before The Sales Executive Club of New York, Roosevelt Hotel, New York City, New York, March 27, 1962, 1:00 p.m., EST.

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In the next few minutes I want to describe the choices now open to us and tell you why the decision is as much a matter of concern to you people of the nation's business as it is to the people of the nation's farms.

Agriculture's basic problem is one that no business could tolerate and survive. In plainest terms, it is over-production. Our agricultural plant, for a variety of reasons including an astounding surge in farm technology, is turning out more than we can possibly absorb, now or in the foreseeable future, domestically, and for export. The inevitable consequence is a glutted market for prime commodities, depressed farm prices, and inadequate return to the producer.

In our free enterprise economy, it is a fact of life that continued excess supply drives prices down below the cost of production. Every businessman lives with this fact every day in the operation of his business.

It requires no more than the exercise of common-sense, therefore, to perceive that the remedy for the present situation in agriculture is to adjust production to demand. But it requires a rather penetrating look at the peculiarities of agricultural economics to perceive why this is easier said than done.

Our agriculture consists of nearly four million farms. Of these, 1.5 million produce 87 percent of the total output. These are the commercial

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farms -- the marvellously efficient family farms that roll out the bulk of our excess production year after year. The other 2.2 million farms, producing less than 13 percent of the total output, present a different kind of problem -- one that can only be solved by a careful process of readjustment between people and resources.

The crux of the problem of over-supply is thus the astonishing and increasing productivity of one and a half million commercial farms. This is where a meaningful downward adjustment of output must be made.

I believe the efficient farmer in this country is prepared to make this adjustment. He is a businessman, after all, as keenly aware as anyone else of the depressing effect of over-supply. The critical question is the question of method: How can the needed adjustment be brought about with the greatest degree of certainty and the least degree of interference in the farmer's business.

The method proposed in the Administration's Food and Agriculture Program for the 60's is based essentially on the proposition that the producers of surplus commodities should have an opportunity to impose effective methods of supply management upon themselves thru the time-honored democratic instrument of the ballot. Thus if a two-thirds majority of the producers of wheat or feed grains or dairy products voted in referendum to accept marketing quotas, all of the producers of that commodity would be obliged to comply.

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There is nothing startlingly new in this idea -- it represents the extension to other commodities of the system of supply management successfully employed for years by the producers of cotton, rice, peanuts, and tobacco.

It also represents a realistic and long-overdue acknowledgement of the fact that cuts in farm price supports do not mean cuts in total production. If the experience of the fifties taught us anything, it should have taught us that.

We entered 1952 with a Government stockpile of \$2.5 billion worth of farm produce -- not an unreasonable supply for emergencies and market stability. By the end of 1960 -- after eight years of no supply management and progressively lower price supports, mistakenly calculated to discourage production, the surplus inventory in Government hands had jumped to \$9 billion worth of foodstuffs that costs us a billion dollars a year to handle and store.

This is the choice then, that faces us today at what I believe to be a critical crossroads of farm policy.

On the one hand, a direct and purposeful system of agricultural self-discipline, exercised through democratic processes, which offers definite assurance of results in terms of lower total output, a fair standard of farm income, and reduced costs to the taxpayer. This alternative calls for effective supply management with price supports adequate to assure the farmer of a reasonable and stable return for his investment, labor, and skill.

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On the other hand, the choice is a policy that lets the farmer "go it alone" as best he can, producing without any attempt to adjust supply and without price supports for his product. Given three and a half million farmers all "going it alone", the result -- as documented by four recent independent studies by State Universities and Committees of Congress -- would be a disastrous drop in farm income, the threat of bankruptcy for thousands of farmers and the very real danger of a searing farm depression, with consequences for the national economy that I hesitate to contemplate.

Now let me go back to my statement that the businessman is standing with the farmer at the present crossroads in agricultural policy. What is his stake in the decisions that must be made?

We have a way of talking about "farm" interest and "city" interests as if the two communities were a million light years apart.

When the business man thinks of the farm, it is apt to be in terms of an irritating and expensive situation that concerns an insignificant eight percent of the population, somewhere "out there."

This is an illusion I wish we could dispel.

It is easy to underestimate the farm population. There are fewer than 15 million people living on farms today -- about 8 percent of the country's population -- or about the same as the population of the New York metropolitan area.

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Would anyone suggest that the New York area is not vitally important to the national economy? The influence of this metropolis is felt from one end of the country to the other and around the globe.

In the same way, the importance of agriculture to the economy is far greater than the farm population alone would indicate. Remember that farmers and their families are only one part of the agricultural population. There are another 40 million people who make up our rural population, and a large number of them are the small town families who service and supply the farm communities.

Ten million people have jobs storing, transporting, processing, and merchandising the products of agriculture.

Six million people have jobs providing the supplies farmers use.

Add them all up -- the farmers, the small town shopkeepers and bankers, the truckers, processors, wholesalers, and retailers -- and the "agricultural" population is far closer to 40 than to 8 percent of the Nation.

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Forty percent of the population is a lot of customers. Whatever affects their pocket books, shows up in your order books. When their business is good, your business will be better. When a customer that big has a problem, business has a problem.

The farmer stands just as tall when you measure him as a producer, too. In fact, he leads all others as the biggest single industry in the Nation.

The investment in agriculture was over 200 billion dollars in 1961. That's about three-fourths of the value of current assets for all corporations in the country. It is three-fifths of the market value of all corporation stocks on the New York Stock Exchange.

That is big business indeed.

The investment in agriculture represents \$21,300 for each farm worker. In manufacturing it is less than \$16,000 for each worker.

Every bale of cotton on its way to the gin, every bushel of grain delivered to an elevator, every head of cattle shipped out of the feed lot, sets in motion a process that means not only more food and fiber for the country, but incomes throughout the marketing system.

Farmers sent more than \$20 billion worth of food to the domestic market in 1961. By the time we paid for it, it was worth another \$40 billion -- twice again as much. About half of that money was wages for the men and women who process, store, ship, and finally sell our food to us in the store.

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This marketing bill was income to the trucking and rail companies that hauled the food. It was profits for the companies handling farm foods. And they in turn, bought containers and fuel, paid rents, interests, and taxes, until the dollars that started on the farm had been multiplied over and over throughout the economy.

Selling to the farmer is measured in billions of dollars. When he buys, he buys a lot.

Last year, for instance, the farmer grossed nearly \$40 billion -- \$35 billion from his crops and livestock. He paid nearly \$27 billion for everything he needed to run his business.

The farmer puts out about \$2.5 billion a year for the purchase of trucks and tractors and other machines and equipment. About \$1 billion is spent by the primary iron and steel industry for equipment and new plants.

He spends \$3.4 billion for fuel, lubricants, and maintenance for his equipment. Farming uses more petroleum than any other single industry.

And to keep his farm going, the farmer uses 27 billion kilowatts of electricity -- enough to run Baltimore, Chicago, Boston, Detroit, Houston, and Washington, D. C., for a year.

And while you think about the farmer, don't overlook his wife. She's spending money, too -- about \$12.7 billion of realized net income last year -- for household repairs, and clothes for the family; for

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USDA 1120-62

television sets, radios, refrigerators and stoves. Carpets wear out in farm houses, too, and they were replaced, along with chairs and lamps. Nylons and lipstick, soap and toothpaste are all as necessary on the farm as they are in the city. A good part of the money went for food, too.

It would be hard to find a more important customer and business partner than the farm family.

All of which is to say that a thriving productive agricultural economy touches every aspect of our lives. It provides us with food and fiber at bargain rates, helping to free more of the national income for other consumer goods -- the products you want to sell.

The grocery bill is a good example: Just after the war, the family grocery bill was about a fourth of the average take-home pay. Today it is less than a fifth, although retail food prices have gone up. They would be a lot higher if it weren't for the fact that the farmer is now getting 13 percent less than he did a decade ago for his part of the typical "market basket" of food.

But this boon to the food buyer means less return to the food producer. The most recent figures show that the annual farm income is \$965 per person -- and about a third of that comes from nonfarm work and other nonfarm sources.

The rest of us average \$2,216.

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Incomes of farm families are lower today, compared with those of nonfarm families, than they have been since just before the war.

The American farmer cannot be expected to continue to invest his capital, labor, and skill, for a material reward so far below the national average.

Nor can any other segment of the economy afford to look on with indifference when the agricultural economy is depressed.

Higher incomes for farmers will mean more purchases by farmers -- more equipment and machinery; more fuel, oil, and other petroleum products; more pesticides, containers, and other production materials; more money on the same furniture, clothing, cars and other goods that the city dweller buys.

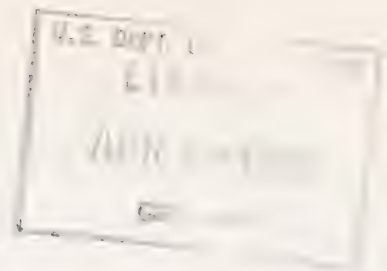
As businessmen and sales executives your stake in the impending decisions on agricultural policy is a very large one indeed. The farmer needs your understanding and support. As an important customer he deserves it.

His technological skill, which lies at the base of a mammoth industry and assures the nation's abundance, has earned it.

I sincerely hope you will give it to him.

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27, 1962
a.m.



I congratulate you, Mr. Mayor and gentlemen of the Government of the City of New York, on the splendid undertaking that becomes reality with the breaking of ground here at Hunts Point today.

The modern, bustling market soon to rise on this ground will be a monument to the American food miracle -- the miracle of production and distribution that enables us to feed our people better and cheaper than any nation in all history.

It will symbolize the link between the American farmer, whose scientific skill brings forth unparalleled abundance from the soil, and the merchantman who moves that abundance, incomparably clean and fresh, to the tables of the nation's cities.

Nowhere will the economic unity of our vast country be more evident than here, at this great market-place, serving a mighty city on the Atlantic coast with the bountiful produce of farmlands stretching to the far Pacific.

It may be fashionable for the press and politicians to refer to the "farm problem," as though the troubles of the farmer exist in a kind of isolation ward sealed off from the rest of us. It may be that millions of our people think their food supply begins and ends at the supermarket. But farmers and food are inseparable.

Remarks by Secretary of Agriculture Orville L. Freeman at the ground breaking ceremonies for the New York Produce Market, Hunts Point, New York, March 27, 10:30 a.m., EST.

By the same token -- and this may surprise many city people -- the Department of Agriculture is as much concerned with the handling and distribution of food as it is with food production. The popular notion that the Department exists to serve farmers exclusively is as wrong as the idea that the farmer in Kansas or Idaho is a million light years away from the consumer in Brooklyn and the Bronx.

Indeed, I take great pride in the fact that a recent Congressional study showed that the Department of Agriculture performs more direct services for the consumer than any other agency of the Government. Its inspectors safeguard the wholesomeness of our meat and poultry supplies; they grade our foods for quality; Department researchers constantly seek new and better ways of processing foods and fibers; its nutritionists keep the housewives of this country abreast of new developments to improve and strengthen the family diet.

But perhaps one of the Department's most useful services is represented by the project you are starting here today -- in its work to improve efficiency in the immensely complicated process of moving food-stuffs from farms to consumers' kitchens.

Along with the astounding productivity of our family farm system, the marketing system plays a vital role in enabling the American people to enjoy the biggest bargain in real food costs in the world -- and in history.

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The average American today spends only about a fifth of his income from a 40-hour work-week for food. A pound of potatoes in this country costs an average factory worker 2 minutes of labor. In England it costs $4\frac{1}{2}$ minutes, in Russia 7 minutes. A pound of butter costs us 21 minutes -- Russians must work 3 hours and 22 minutes if they wish to indulge in such luxury.

The store in which Abraham Lincoln clerked as a young man carried about 100 items. In the modern supermarket, you can find as many as 8,000 items -- more than half of them new or basically improved since 1946.

For this we can thank the scientific production of food on our farms and the mass distribution system that brings it to us in the many forms and varieties we have come to expect.

The Department of Agriculture, I am proud to say, has played an important role in helping to increase the efficiency of this system. Indeed, it contributed materially, through research and planning, to the design of the mammoth facility that will soon arise here. The first USDA report pointing out ways to reduce the cost of distributing fresh fruits and vegetables in New York was issued in 1940 -- 21 years ago!

Similar modern marketing facilities have been planned with the Department's help for 60 other cities, and half of these have already been built or are under construction. These facilities are saving millions of

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dollars every year by making it possible to reduce waste and spoilage and save time in the handling of food products. And these savings accrue not only to wholesale and retail firms directly involved, but also to transportation agencies, to growers who supply the market, and to consumers -- who also get the benefit, as a rule, of better quality along with reduced costs.

The facility you begin here today, it is estimated, will result in savings of at least 10 million dollars a year. And a few days from now, USDA marketing specialists will be presenting plans for improving the wholesale handling of meat, poultry, eggs, butter, and cheese in the New York metropolitan area. Nearly 2 million tons of these products, valued at nearly $1\frac{1}{2}$ billion dollars, move through New York's markets each year. Together, the new wholesale facilities for New York should save something like 25 million dollars a year -- by improving efficiency, reducing waste, and lowering the costs of distribution.

This project is the culmination of hopes and dreams and of long and hard work on the part of many people -- and many share the credit: Mayor Wagner and other city and State officials, the wholesale food dealers, and a host of business and civic leaders.

I hope that the consumers of this great metropolitan area will take note of this development and ponder a bit on its meaning for them. They should be proud of such progress and especially pleased that it confounds those who said it couldn't be done.

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USDA 1124-62

For years people said that it couldn't be done. They said that no one would ever be able to bring together all of the diverse elements involved and get them to agree on what should be done, how it should be done, who should do it -- and where it should be done.

They were unduly pessimistic. To them I would quote President Kennedy's remark that "America did not achieve her present greatness by refusing to dare, to try, to move ahead." Though that was said in another context about a larger issue, I think it is appropriate here. For it is the sum total of such enterprise as is represented here today that gives us our real wealth -- our ability to enjoy so many material blessings -- our American way of life.

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APR 11 1962

C&R - ASE

PROJECT OPPORTUNITY

3 1962 I am happy to report today that the U. S Department of Agriculture is prepared to begin a series of demonstration projects to show that new economic opportunities for the American farmer can be developed on land which produces crops that are in excess supply.

These projects, which will strengthen the arm of the Department concerned primarily with credit and conservation, will present a new approach to cope with the revolutionary forces of science and technology in rural America. The doctrine which we will apply is a simple one: does it work? Our major tool is an open mind.

There is an obvious reason -- and need -- for this new approach. Over the past decade and a half, we have concentrated on immediate problems of too much production at a particular time. The development of long-range tools of adjustment has been left more to fate than anything else.

Agriculture is not alone in this respect. Industry has similar problems in its adjustment to the impact of technological change and automation. Only in recent times has a major effort been made to help people whose jobs in the cities have been replaced by a machine. Currently, some 15 projects are being carried out in industrial areas in cooperation with the Labor Department to provide workers with new opportunities to earn a fair and adequate income.

Speech prepared for delivery by Secretary of Agriculture Orville L. Freeman, at Noon, Tuesday, April 3, 1962, to the National Federation of Grain Cooperatives, in the Mayflower Hotel, Washington, D.C.

Thus agriculture is prepared to join the industrial segment of the economy in seeking new ways of living with the dynamic forces of change through its "Project Opportunity" demonstration program. We are proposing to add more long range problem-solving techniques to the task of meeting the crisis of abundance.

These techniques will center around three major approaches. The first will seek profitable new uses for cropland by shifting it to the production of grass and family forests. The second will encourage development of recreational resources through small watersheds, Town and country recreation programs and cooperative programs between farmers and sportsmen. The third approach will be a concentrated effort to renew opportunities in rural areas so they become attractive to outside investment and individual initiative.

A large share of the programs initiated under these approaches are to be completed within five years, although some will range from as few as three years to as many as 20.

They will be part of the overall program to rebuild rural resources and to rekindle the optimism of those living in rural areas. The President best described "Project Opportunity" in his Message to the Congress on Agriculture when he proposed to "initiate a series of pilot and demonstration land use projects. As the pilot plan is evaluated and a permanent program for land use is developed, it will be possible for our supply management effort to place less emphasis on temporary diversion of acreage from production of specific crops and more on the permanent utilization of acreage to fulfill other public needs."

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We are prepared to begin with the enactment of the President's program. We propose to direct the full energy of the Department into these pilot programs using such time honored practices as cost sharing, technical assistance, and loans where regular credit is unavailable or cannot be obtained at reasonable rates. We will welcome new ideas and suggestions from others who are as concerned as we to develop strong part-time and full-time family farms. If we are successful, there will be increasingly less heard about surplus and subsidy, and progressively more about common sense and cooperation between town and country.

Let me describe briefly the programs we propose in "Project Opportunity"

GRASSLAND DEMONSTRATION PROGRAM

Under the grassland demonstration program, about 500,000 acres of cropland on individual farms would be encouraged to shift to grass. Some would be involved in a system of grazing association pastures which would be organized and administered by associations of family farmers.

The projects, to show various means of eventually shifting about 36 million acres to grass, would be established in all counties where large acreages are now coming out of the Conservation Reserve. On individual farms, technicians assigned to soil conservation districts would assist in developing farm plans, and cost sharing assistance would be provided through the local Agricultural Stabilization and Conservation (ASC) committees. Loans would also be available. Annual rentals would be paid for a few years while grass and livestock enterprises become established, and farmers would be encouraged to enter into cost sharing agreements with State game and fish agencies for easements for hunting and fishing on some of the land.

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Special assistance also would be provided to farmers who take the initiative in forming associations to acquire sufficient land to provide grazing for cattle. For example, 50 farmers could join to provide grazing for 100 head of cattle apiece on 10,000 acres of land bought by the association or acquired under long term lease.

FAMILY FOREST DEMONSTRATION PROGRAM

The pilot program to develop family forests will be designed to encourage farmers to establish tree cover on land suited for forests but now in crop production so as to provide improved land use, wildlife habitat, protection from soil erosion and improved income from timber and recreation. Here again, cooperative efforts by groups of farmers also would be encouraged, particularly since timber cutting on small plots often is unprofitable for most timber firms.

Cost sharing assistance would be given to help with the preparation of the woodlot site and the planting of trees. State game and fish agencies would be assisted in developing cost sharing agreements with farmers to permit public hunting and fishing on these lands, while farmers could develop camping and picnicking sites for rent to the public. Technical assistance would be made available to farmers together with loans where credit is unavailable at reasonable rates.

The family forest project would be a pilot operation designed to convert 100,000 acres of cropland to trees in up to eight States over a 10-year period. These pilot projects will both test and demonstrate the best means of converting some 19 million acres of cropland suitable for trees to profitable use as family farm forests.

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RECREATION: WATERSHEDS

Recreation becomes a prime objective in the second approach to sensible adjustment of our rural resources. As one program, we propose to select up to 50 small watersheds for multipurpose recreational development at the option of local authorities.

During the next three years the Department would develop with the sponsoring local authority a full and detailed plan and action program for such projects as enlarging reservoirs, acquiring adjacent land, planting trees, building sanitation facilities and such facilities as boat docks. Loans also would be made to farmers in the area to develop income producing recreational projects.

RECREATION: TOWN AND COUNTRY

The Department also proposes to develop four pilot Town and Country recreation programs which will tie together the urban need for open air recreation with the resources available in nearby farming areas.

Four metropolitan areas would be selected where a unit of government -- such as a suburb -- would be willing to cooperate with an association of farmers -- such as a soil and water conservation district -- in an outdoor recreation program.

The citizens from the urban area would help develop recreational facilities, such as camping and picnicking facilities, riding and hiking trails and other projects to improve and protect the scenic attractions of rural areas.

Various techniques, such as a local summer work program for urban youth patterned after the Civilian Conservation Corps, could be developed and financed by the urban area. This, together with cost sharing programs and loans as well as technical assistance provided by the Department for conservation

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improvements and development of basic recreational facilities, would provide a new and financially profitable use for land by farmers in the district.

RECREATION: FARMER - SPORTSMEN

Another recreation program which the Department proposes to undertake would be to establish 20 cooperative projects in as many States between a group of farmers and a local sportsmen's group.

Under an agreement worked out by the farmers and sportsmen, farmers would allow access to all or specified parts of their lands by hunters and fishermen. The sportsmen, in return, would agree to pay a fee to each farmer based on the recreational value of his land. Federal cost-sharing assistance for wildlife habitat improvement practices would be made to farmers over a 5-year period. Each recreation unit would be about 5,000 acres in size and would cover farms which are contiguous.

RURAL RENEWAL DEMONSTRATION

The third major approach under "Project Opportunity" which the Department proposes is three rural renewal projects in rural areas. In scope, this program would require a massive and detailed effort designed to increase the potential for outside investment while encouraging the flow of local individual enterprise. Four considerations would be used in selecting the areas. Each should have under-employed labor, resources for further development, a location with favorable market potential and -- most significantly -- a strong interest in undertaking such a project.

Each area would comprise about 200,000 acres in which the local citizens would be encouraged to form a rural renewal corporation empowered to borrow money, receive grants, buy and sell property and to develop area plans in cooperation with Federal, State and local agencies.

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The rural renewal corporation would be given assistance in making economic surveys, in developing its area plan, in obtaining grants and financing to develop public facilities, roads, water and sanitation systems, public recreation facilities and watershed projects. Loans would also be made to acquire land to achieve more economical production through more efficient farming, and for industrial parks and other such uses.

This kind of development would vary by area, but it might include the construction of ponds, roads, industrial parks, farmsteads, or establishing processing facilities for farm and forest products.

Since this undertaking involves acquiring and developing land for eventual resales to private enterprise, it is very likely that the rural renewal corporation -- like its urban renewal counterpart -- would recoup a large share of its acquisition costs.

As you can see, I have outlined here in only brief form a manageable, but ambitious, program on a limited scale to help restore a greater degree of economic vitality and self-confidence to our rural areas. Those programs which are successful will be expanded and new approaches will be encouraged.

It promises to accomplish things which no other farm program has achieved. It will provide a wider choice of economic opportunity in rural areas for those who live in rural America. It will mean that those who wish to stay in their community will have the opportunity to do so without being compelled by the harsh dictate of economic pressure to look to the big city for jobs with decent incomes.

It will mean that instead of building more and more storage facilities for unused commodities, we can begin to build facilities to meet the stored up demand for recreation and the beauty of country life. There is today more than an adequate supply of the former but a shortage of the latter.

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Farm legislation today affects residents of urban areas almost as much as it does farmers and those living in rural areas, Secretary of Agriculture Orville L. Freeman today told a Delaware Bankers farm forum.

He told a luncheon audience on the campus of the University of Delaware at Newark that the Kennedy Administration's farm program would mean stable food prices, increased recreational opportunities and lower government costs -- all factors of direct and immediate concern to city dwellers.

"I suspect that many Americans living in metropolitan areas, such as the urban complex of which Newark is a part, rarely think of themselves as being affected by farm legislation. The drumbeat attention in recent years to only one of the products of the amazing efficiency of the American farmer -- the relatively small percentage of output which cannot be effectively used -- has diverted public awareness from the positive benefits and opportunities which the technological revolution in agriculture has created for the urban resident."

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Excerpts of remarks prepared for delivery by Orville L. Freeman to the Delaware Bankers Agricultural Forum, University of Delaware, Newark, Delaware, April 12, 1962, 2:00 p.m., EST.

"The expansion of these opportunities through the farm bill President Kennedy has proposed will provide maximum benefit to urban areas while, at the same time, the agricultural community will be able to make long-term adjustments to the impact of science and technology on the productivity of the farm."

Secretary Freeman noted four specific areas of benefit to urban residents:

- *Increased recreational opportunities in areas within easy driving distance of metropolitan centers.

- *Adequate food supplies at reasonable prices to the consumer.

- *Lower taxpayer costs for supporting farm income.

- *A stronger overall national economy as farm income improves.

"These are all items of tremendous importance to the city, and illustrate that a farm bill can be good for the urban resident just as it is of benefit to the farmer. One element of the farm bill in particular illustrates this point.

"We are proposing under a section of the bill to expand recreational facilities in rural areas, especially where they can be made readily available to the city resident. Instead of proposing to pay for idle acres, we are proposing to help the farmer to use his land to produce recreation -- a commodity which grows increasingly more scarce as our population expands.

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"This is a different approach to the problems of agriculture, for we are taking a problem of the urban dweller and are combining it with a problem of the farmer to help find an answer to both."

The Secretary outlined a pilot project on recreational development which the Administration is proposing to launch if the Congress approves the President's farm proposals.

"As one program, we propose to select up to 50 small watersheds for multipurpose recreational development at the option of local authorities.

"During the next three years the Department would develop with the sponsoring local authority a full and detailed plan and action program for such projects as enlarging reservoirs, acquiring adjacent land, planting trees, building sanitation facilities and such facilities as boat docks. Loans also would be made to farmers in the area to develop income producing recreational projects.

"The Department also proposes to develop four pilot Town and Country recreation programs which will tie together the urban need for open air recreation with the resources available in nearby farming areas.

"Four metropolitan areas would be selected where a unit of government -- such as a suburb -- would be willing to cooperate with an association of farmers -- such as a soil and water conservation district -- in an outdoor recreation program.

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"The citizens from the urban area would help develop recreational facilities, such as camping and picknicking facilities, riding and hiking trails and other projects to improve and protect the scenic attractions of rural areas.

"Various techniques, such as a local summer work program for urban youth patterned after the Civilian Conservation Corps, could be developed and financed by the urban area. This, together with cost sharing programs and loans as well as technical assistance provided by the Department for conservation improvements and development of basic recreational facilities, would provide a new and financially profitable use for land by farmers in the district.

"Another recreation program which the Department proposes to undertake would be to establish 20 cooperative projects in as many States between a group of farmers and a local sportsmen's group.

"Under an agreement worked out by the farmers and sportsmen, farmers would allow access to all or specified parts of their lands by hunters and fishermen. The sportsmen, in return, would agree to pay a fee to each farmer based on the recreational value of his land. Federal cost-sharing assistance for wildlife habitat improvement practices would be made to farmers over a 5-year period. Each recreation unit would be about 5,000 acres in size and would cover farms which are contiguous.

"These pilot programs are designed to test and demonstrate land use projects for cropland which produces commodities we cannot efficiently and effectively use today. As the pilot plan is evaluated and a permanent program for land use is developed, it will be possible for more emphasis to be placed

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on permanent utilization of land to fulfill other public needs and less on temporary diversion of acreage from production of specific crops."

Secretary Freeman said that in addition to the pilot projects for recreational development, the Department is prepared to begin demonstration programs for putting other cropland into grass and family forest farms.

"We also are preparing to adapt a technique which the people in our large metropolitan cities have used to great advantage. Where the cities have developed the urban renewal concept as a means of rebuilding metropolitan resources, we are proposing to assist in the creation of rural renewal authorities to rebuild rural resources. The techniques would be very similar, and we believe the results would be as constructive as they have been in cities all across the nation.

"The projects which I have described are workable. They apply common sense to a problem which will continue to grow increasingly serious if we do not act promptly. For example, we can expect that by 1980, when our population has grown from 185 million people today to more than 225 million, we actually will need about 51 million fewer acres of cropland than was in use at the beginning of this decade.

"The pilot project to provide new sources of income to the farmer and the rural community as well as new outlets for the urban resident's leisure time is one approach. It is an effort to use our land wisely, and it answers today's needs of both the country and the city."

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I am most appreciative of this opportunity to talk to your Third Annual Business Conference here on the beautiful campus of the University of the Pacific.

In the past 15 months, I have had occasion to talk to quite a number of business groups about agriculture -- and I find it is not always easy to get businessmen to fully appreciate the impact of farm questions on the entire economic community.

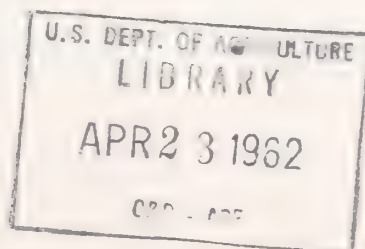
Today, I realize that I am starting with an advantage. One look at the program for your three-day conference tells me that you are for the most part people whose businesses are closely related to agriculture. And you are all interested in a better understanding of the problems of agriculture and agribusiness.

Otherwise you would be somewhere else today ... taking advantage of one of the many pleasant alternatives offered by northern California on a spring afternoon.

We are meeting at a time of crisis in our national agricultural policy. You -- and businessmen everywhere -- are involved in this crisis. The American farmer stands at a major crossroads, and believe me he is not alone. Everyone in this room stands with him.

Address by Secretary of Agriculture Orville L. Freeman at the Third Annual Business Conference of the University of the Pacific, Stockton, Calif., April 13, 1962, 6 p.m. (PST).

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A wrong turn at this junction would have drastic repercussions -- on farmers -- on rural America -- on agribusiness -- on all business. Each of these groups would be hit where it hurts. The consequences for agriculture -- for the family farm system that has proved the most efficient in the world -- could be catastrophic.

I do not mean to sound like a doom-cryer. Quite the opposite. Recent events in Washington have strengthened my confidence that the Congress is about to point our agricultural policy down a new and straighter road ... the road recommended by President Kennedy.

This is a decision that needs to be made this year. If we are too weak to face up to the task ... if we are unwilling to do so ... we will find ourselves wandering in a morass of costly half-measures that lead nowhere -- except to futility and perhaps even disaster.

In the next few minutes I want to describe the choices now open to us and tell you why the decision is as much a matter of concern to you people of the nation's business as it is to the people of the nation's farms.

Agriculture's basic problem is one that no business could tolerate and survive. In plainest terms, it is over-production. Our agricultural plant, for a variety of reasons including an astounding surge in farm technology, is turning out more than we can possibly absorb, now or in the foreseeable future, domestically, and for export. The inevitable consequence is a glutted market for prime commodities, depressed farm prices, and inadequate return to the producer.

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The plain fact is that our farmers each year have been producing up to 8 percent more than we have been able to use or export ... and they have the ability to continue this overproduction as far ahead as we can see. Last year, our crop production was generally in balance with need as a result of the successful application of the Emergency Feed Grain Program and other programs. But there is absolutely no reason to believe that this balance will continue of its own free will.

Without effective programs to curtail production, we would get some 40 million acres of additional land back into crops by 1967 -- above what we had in 1961. This -- with rising yield -- would result in a boost in production of 25 percent in five years. That is simple arithmetic!

The production-consumption gap -- the amount that production exceeds use -- would then soar to an estimated 12 percent by 1967, and it could go as high as 20 percent, depending on conditions.

In our free enterprise economy, it is a fact of life that continued excess supply drives prices down below the cost of production. Every businessman lives with this fact every day in the operation of his business.

It requires no more than the exercise of common sense, therefore, to perceive that the remedy for the present situation in agriculture is to adjust production to demand. But it requires a rather penetrating look at the peculiarities of agricultural economics to perceive why this is easier said than done.

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Our agriculture consists of nearly four million farms. Of these, 1.5 million produce 87 percent of the total output. These are the commercial farms -- the marvelously efficient family farms that roll out the bulk of our excess production year after year. The other 2.2 million farms, producing less than 13 percent of the total output, present a different kind of problem -- one that can only be solved by a careful process of readjustment between people and resources.

The crux of the problem of over-supply is thus the astonishing and increasing productivity of one and a half million commercial farms. This is where significant downward adjustment of output must be made.

I believe the efficient farmer in this country is prepared to make this adjustment. He is a businessman, after all, as keenly aware as anyone else of the depressing effect of over-supply. The critical question is one of method: How can the needed adjustment be brought about with the greatest degree of certainty and the least degree of interference in the farmer's business.

The method proposed in the Administration's Food and Agriculture Program for the 60's is based essentially on the proposition that the producers of surplus commodities should have an opportunity to impose effective methods of supply management upon themselves through a time-honored and democratic instrument -- the ballot. Thus if a two-thirds majority of the producers of wheat or feed grains or dairy products voted in referendum to accept marketing quotas, all producers of that commodity would be obliged to comply.

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There is nothing startlingly new in this idea -- it represents the extension to other commodities of the system of supply management successfully employed for years by the producers of cotton, rice, peanuts, and tobacco.

It also represents a realistic and long-overdue acknowledgement of the fact that cuts in farm price supports do not mean cuts in total production. If the experience of the fifties taught us anything, it should have taught us that.

We entered 1952 with a Government stockpile of \$2.5 billion worth of farm products -- not an unreasonable supply for emergencies and market stability. By the end of 1960 -- after eight years of no supply management and progressively lower price supports mistakenly calculated to discourage production -- the surplus inventory in Government hands had jumped to \$9 billion worth of farm commodities that cost us a billion dollars a year to handle and store.

This is the choice then, that faces us today at what I believe to be a critical crossroads of farm policy.

On the one hand, a direct and purposeful system of agricultural self-discipline, exercised through democratic processes, offering definite assurance of results in terms of lower total output, a fair standard of farm income, and reduced costs to the taxpayer. This alternative calls for effective supply management with price supports adequate to assure the farmer of a reasonable and stable return for his investment, labor and skill.

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On the other hand, the choice is a policy that lets the farmer "go it alone" as best he can, producing without any attempt to adjust supply and without price supports for his product. Given three and a half million farmers all "going it alone", the result -- as documented by four recent independent studies by State universities and committees of Congress -- would be a disastrous drop in farm income. This would bring the threat of bankruptcy for thousands of farmers and the very real danger of a searing farm depression, with consequences for the national economy that I hesitate to contemplate.

Now let me go back to my statement that the businessman is standing with the farmer at the present crossroads in agricultural policy. What is his stake in the decisions that must be made?

Most people talk about "farm" interests and "city" interests as if the two communities were a million light years apart.

When the businessman thinks of the farm, it is apt to be in terms of an irritating and expensive situation that concerns an insignificant 8 percent of the population, somewhere "out there".

This is an illusion I wish we could dispel. And I would hope that you in agribusiness would help to do this educational job among your friends in other segments of the business community.

It is easy to underestimate the farm population. There are something under 15 million people living on farms today -- about 8 percent of the country's population. That compares with the population of California, some 15.7 million in the 1960 Census.

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No one would suggest that the State of California is not vitally important to the national economy. The influence of this great State is felt from one end of the country to the other and around the globe.

In the same way, the importance of agriculture to the economy is far greater than the size of the farm population alone would indicate. Farmers and their families are of course only one part of the agricultural economy. There are another 40 million people who are classified as rural, and a large number of them are included in the small town families who service and supply those families actually on farms.

Ten million people have jobs storing, transporting, processing, and merchandising the products of agriculture.

Six million people have jobs providing the supplies farmers use.

Add them all up -- the farmers, the small town shopkeepers and bankers, the truckers, processors, wholesalers, and retailers -- and the agricultural and agribusiness population is far closer to 40 than to 8 percent of the Nation.

The farmer stands just as tall when you measure him as a producer. In fact, he leads all others as the biggest single industry in the Nation.

The investment in agriculture was over 200 billion dollars in 1961. That's about three-fourths of the value of current assets for all corporations in the country. It is three-fifths of the market value of all corporation stocks on the New York Stock Exchange.

That is big business indeed.

The investment in agriculture represents \$21,300 for each farm worker. In manufacturing it is less than \$16,000 for each worker.

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Or, consider the farmer as a customer. When he buys, he is apt to buy in quantity.

Last year, for instance, the farmer grossed nearly \$40 billion -- \$35 billion from his crops and livestock. He paid nearly \$27 billion for everything he needed to run his business.

The farmer puts out about \$2.5 billion a year for the purchase of trucks and tractors and other machines and equipment. About \$1 billion is spent by the primary iron and steel industry for equipment and new plants.

He spends \$3.4 billion for fuel, lubricants, and maintenance for his equipment. Farming uses more petroleum than any other single industry.

And to keep his farm going, the farmer uses 28 billion kilowatts of electricity -- enough to run Los Angeles, San Francisco, Seattle, Portland, San Diego, and Chicago for a year. These are 1961 estimates.

All of which creates business known as agribusiness. And let's don't overlook the farmer as a market for consumer goods. Mrs. Farmer is spending money, too -- about \$12.7 billion of realized net income last year -- for household repairs, and clothes for the family; for television sets, radios, refrigerators and stoves. Carpets wear out in farm houses, too, and they were replaced, along with chairs and lamps. Nylons and lipstick, soap and toothpaste are all as necessary on the farm as they are in the city. A good part of the money went for food, too.

All of which is to say that a thriving productive agricultural economy touches every aspect of our lives. It provides us with food and fiber at bargain rates, helping to free more of the national income for other kinds of goods.

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The grocery bill is a good example: Just after the war, the family grocery bill was about a fourth of the average take-home pay. Today it is less than a fifth, although retail food prices have gone up. They would be a lot higher if it weren't for the fact that the farmer is now getting 13 percent less than he did a decade ago for his part of the typical "market basket" of food.

But this boon to the food buyer means less return to the food producer. The most recent figures show that the annual farm income is \$965 per person -- and about a third of that comes from nonfarm work and other nonfarm sources.

The rest of us average \$2,216.

Incomes of farm families are lower today, compared with those of non-farm families, than they have been since just before the war.

The American farmer cannot be expected to continue to invest his capital, labor and skill for a material reward so far below the national average.

Nor can any other segment of the economy afford to look on with indifference when the agricultural economy is depressed.

Higher incomes for farmers will mean more purchases by farmers -- more equipment and machinery; more fuel, oil, and other petroleum products; more pesticides, containers, and other production materials; more money on the same furniture, clothing, cars and other goods that the city dweller buys.

As agribusiness men, you have a very large stake indeed in the impending decisions on agricultural policy. The farmer needs your understanding and support. As an important customer he deserves it.

His technological skill, which lies at the base of a mammoth industry and assures the nation's abundance, has earned it.

I sincerely hope you will give it to him.



1962

America's food abundance has been put to greater use in this country since January 1961 than in any comparable time, Secretary of Agriculture Orville L. Freeman said today.

He chose a Chamber of Commerce dinner in Elkins, W. Va., to make a report on Department programs for distributing food supplies to places and people in this country.

"I am happy to report that the amount of food provided through direct distribution programs to those in greatest need increased by more than 200 percent while the overall quantity of food distributed through various programs has doubled in the first six months of this fiscal year as compared to the previous year."

He noted that from July to December in 1961 the quantity of food being distributed increased to almost 970 million pounds as compared with 484 million pounds in the similar period of 1960.

"President Kennedy has not forgotten what he said or what he saw in West Virginia during the 1960 campaign. It was brought home forcefully that this land of abundance held hungry people -- under-nourished people -- at a time when over 9 billion dollars worth of food and fiber was held in storage.

Summary of Address by Secretary of Agriculture Orville L. Freeman at Chamber of Commerce Banquet, Elkins, West Virginia, April 19, 1962, 7:30 p.m.

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"The President promised that more food would be made available and that the opportunity to earn a decent living would be made available to those who lost their jobs through technological progress. He is keeping that promise."

The Secretary affirmed that the administration will maintain its programs to make available a full and nutritious diet to every person, and noted that this goal has not yet been reached.

"But at no time has so much progress been made towards putting the nation's agricultural abundance to use serving all the people. It demonstrates the fundamental policy of this administration to use our abundance.

"When this Administration took office four million persons were receiving direct food supplements from the government. Among these four million were persons who were unemployed, old folks, the disabled, fatherless children, school children, and others. The government was providing a little rice, a little flour, a little cornmeal, a little lard, a little dried milk. It was a pretty limited, penurious, disappointing kind of assistance for this land of abundance to be offering to its needy.

"I was happy to receive the first executive order that President Kennedy put into effect -- an order for us to double the size of this food assistance program. We have doubled it. We are providing donated

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foods to more than seven million persons. We supplemented the diet by adding to it such foods as pork and gravy, peanut butter, rolled oats, and dried beans. Between January 1961 and January 1962, we added five new States, 449 new counties and cities, and four new Indian Agencies to the program.

"The record shows that we've made great strides in using the nation's agricultural abundance more effectively," Secretary Freeman said. "And I'm glad to have this opportunity to express my awareness and appreciation of the intelligent initiative and imagination shown by the officials and the people of West Virginia in making effective use of these programs. More than 250,000 people in 54 West Virginia counties are receiving commodities under the family donation program.

"As you know, the first experimental food stamp program opened in McDowell County, West Virginia, on May 29 of last year. The cooperation received from State and local officials, members of the food trades, your newspapers, radio and TV outlets and citizens in participating communities has been outstanding. The food stamp program will be expanded in the months ahead to other areas on the same pilot basis and much of the credit goes to the way you folks have run the first pilot project."

Since last June, the Secretary said, the U. S. Department of Agriculture has been testing the effectiveness of the experimental Federal Food Stamp Program in eight pilot areas of the nation. The program provides supplementary food purchasing power to low-income families as a means of helping them obtain better diets from America's food abundance.

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An initial evaluation report covering the period from June through December 1961 shows that:

Families participating in the program made a significant increase in the value of their retail food purchases and in the total value of foods used.

More than 80 percent of the increase in the value of foods used was in fruits and vegetables and animal products -- meat, poultry, fish, milk and eggs.

Low-income families in the program had better diets than low-income families not participating in it.

The program was very effective in increasing the food purchases of participating families. The dollar volume of retail food store sales increased by an average of 8 percent on a seasonally adjusted basis.

Small stores fared well in comparison with large stores in attracting food coupon shoppers. Food coupon business represented 12 percent of small store total sales, compared to 5 percent for large stores.

"The latest figures show that in February 1962 there were 146,167 participants in the eight pilot projects. They paid \$1,851,681 for coupons and received free an additional \$1,108,783 worth. In other words, 37 percent of the coupons received were bonus or free ones.

"The Food Stamp Program is working well. It is stepping up the diets of people who need it. Although the studies are not complete, I think this program is the means of effectively reaching and upgrading the

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nutritional standards of people in need in our country. It is practicable in terms of its administrative and operating aspects. The additional food purchasing power generated by it provides general support to the domestic demand for food and, therefore, acts to bolster farm income. We believe an expanded program will result in an increase in the volume of food marketed through commercial channels."

Secretary Freeman cited the expanded School Lunch Program as another example of progress in the use of agricultural abundance.

"We've had a School Lunch Program for many years, but some of the children that needed it the most were never reached. We see here in West Virginia one of the best examples of the progress that has been made.

"Although school lunches were served in almost 1,500 West Virginia schools last year, about half the schools in the State were without a lunch program. Eight out of 10 of the schools without lunch programs were one, two or three-room schools -- many of them in areas of high unemployment. The capital outlay involved in equipping these schools with good sanitary kitchens was prohibitive. Your State Department of Education, with the assistance of your State Department of Health, the Department of Welfare, the West Virginia University College of Agriculture and the West Virginia School of Medicine, developed a pilot program to supply a bag lunch in several counties. Your State Legislature appropriated \$25,000 to assist this program, and I understand they have approved \$50,000 for the coming fiscal year.

"When the Congress approved funds for special commodity assistance to needy schools last year as part of the National School Lunch Program appropriation, your State School Lunch Director asked that the pilot projects be considered for assistance under the Federal plan. Thirty-three schools

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in West Virginia are now in the special commodity assistance program. This is 13 percent of the national total of some 250 schools in this special program.

"You are to be congratulated by the entire country for the vigor and initiative you have shown in taking care of your own and for the efforts you are making to move forward in this State."

Secretary Freeman pointed out that for the nation as a whole, food donated to schools from July to December 1961 totaled 262 million pounds -- about 75 percent more than during the same period of 1960. This was in addition to supplementary foods purchased by USDA specifically for schools in the National School Lunch Program.

"In addition to the rise in domestic food donations, we have increased foreign distribution," Secretary Freeman said. "Foreign distribution during the first half of fiscal 1962 was about 1.3 billion pounds -- a 12.6 percent increase over the 1.2 billion pounds of the same period in 1961.

"This is one of the most important uses of our agricultural abundance. Food for peace is not a subsidy for agriculture. It's an investment in people, an investment in peace. In many parts of the world it is helping to save free government. It is helping to feed millions of people under emergency conditions. It's helping to prevent inflation and it's helping build roads, schools, and hospitals. It is one of the strongest supports of the entire free world. We get more good will and do more to promote peace by this wise and effective use of our abundance than by almost anything else we can do."

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U.S. Department of Agriculture
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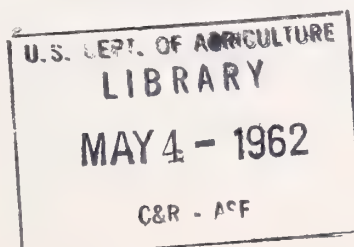
5,1962 Recently I was asked for an estimate of the number of people I have met and spoken to since President Kennedy sent his farm message to the Congress. After a little figuring, I estimated I had spoken to and responded to questions from over 20,000 persons since that last day in January. Most of those people are farmers, but I forgot entirely to include in that figure the next biggest group to whom I have spoken and by whom I have been questioned -- that would be nearly a thousand reporters and writers and editors. With a few exceptions, the working press has been friendly and fair -- if not always as interested as I would hope.

I do feel that agriculture is getting more attention today than was previously the case. You don't have to be an agricultural economist to know that a nation where fewer than 8 percent of its people can produce an abundance of food and fiber is a strong and powerful country. Nowhere is the contrast between the success of Democracy and the failure of Communism so dramatic as it is in agriculture, and it demonstrates conclusively that our national power and well being rests on the bedrock of our agricultural abundance.

This is a story that the press is beginning to recognize and to bring to the American people. I certainly wish to commend them for the excellent reporting on this enormous accomplishment of the American farmer. There are many other examples of the success story of agriculture, and the Department will seek to make these available to you.

Address by Secretary of Agriculture Orville L. Freeman at the annual Gridiron Dinner of the Milwaukee Press Club, Schroeder Hotel, Milwaukee, Wisconsin, April 25, 1962, 6:30 p.m.(CST).

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In the Department we have eliminated many mechanical and policy restrictions on the flow of information which previously existed. We plan to continue to improve this aspect of the Department's press relations, and we will be most receptive to suggestions.

I have found in 15 years of public life that the more open and direct a public official is with the press, the better the public will be informed. This is what we both seek, and it is in this vein that I address myself to the question of agriculture tonight -- to its past, the present and the future.

Before delving further into the broad aspects of this topic, I would like to discuss very briefly one area of special concern to Wisconsin and to my native State of Minnesota. That is the situation in dairying.

The saddest day for me since I became Secretary of Agriculture was Friday, March 30 -- the day when all lawful and legal means to maintain dairy supports had been exhausted and the law said the Secretary must drop dairy supports from \$3.40 a hundredweight to \$3.11, effective April 1, 1962.

This drop affects every dairy producer directly and almost immediately -- and having had some experience in a dairy state I know exactly what that means to tens of thousands of farmers. My concern is with all farmers, but the farmer with 10, 20 or 30 milk cows is of special concern. I know hundreds of such farmers, and because of this the action to drop supports was particularly disturbing.

Almost a year earlier I had experienced a much happier situation. At the time we reviewed the dairy outlook and found the supply situation was relatively tight. Everything pointed to a continued increase in total consumption -- enough to approximately balance the increase in production. Accordingly it was possible to increase support levels, and I was pleased to do so.

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All of our forecasts, except one, came about. The one exception, however, was substantial. Production increased about 2 percent, as expected, but consumption took a sharp and unexpected decline. The trend over recent years has been a slow decline per capita in consumption of dairy products, but the increase in population has resulted in steadily climbing total consumption of about .5 percent annually. In 1961, however, not only did per capita consumption decline but over-all consumption declined as well, despite the fact our population grew almost 3 million people.

As a result, the Department found it was taking on near record quantities of butter, cheese and dried milk -- in the 1961-62 marketing year, 11.1 billion pounds of milk equivalent was purchased, or about 9 percent of production at a cost of \$597 million, or about \$300 million more than in previous years -- in order to maintain prices for manufacturing milk at \$3.40 level.

Under the law, the Secretary of Agriculture can consider only one factor when he sets dairy support prices between 75 and 90 percent of parity and that is supply. With production up and consumption down, and with near-record purchases in the past year, it is clear that supplies will far outrun consumption during 1962. And this is true even at the lower support level of \$3.11. Thus the Secretary of Agriculture had no recourse under law but to set the support level at the legal minimum.

Every effort which could be made by the President and by the administration was taken to prevent the sudden and sharp decline in dairy income. A program to place effective management tools in the hands of the dairy industry so supply could be kept in balance was proposed by the President as a long-range measure to bring income stability to the dairy industry. It would ask that each farmer cooperate in a program to maintain production at a level near expected consumption, but only after a referendum of dairy farmers had indicated two-thirds of those voting approved such a program.

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Such a supply management program would not require any reduction in milk produced and sold for fluid consumption. We estimate that a modest cutback of 3.5 to 5 percent would have restored milk supplies to a reasonable level.

In order to maintain dairy income until a long-range program could be developed, the administration proposed that the Congress pass a resolution authorizing the Secretary to extend dairy supports at the current level of \$3.40 until December of this year.

Now dairy income is a matter of bi-partisan interest and concern. I have made every effort to keep Republican members of the Congress fully informed and to consult with them frequently on all matters, including dairying. I feel the welfare of the farmer should never be jeopardized for purely partisan reasons. In all my relations I have tried to operate on this basis and I have hoped that Republicans would also take that attitude. I was thoroughly dismayed, then, when the temporary dairy extension became a political issue. I mention this not in an attempt to inject a partisan note here but rather as a simple statement of fact. All Republicans in the Agriculture committees voted against the resolution. There were some Democrats who voted against the resolution as well, but not as a solid bloc. Most farm organizations, particularly the Grange and the Farmers Union, supported this resolution strongly.

When it was clear the resolution would not pass and that the President's proposal did not have the support of a majority in the committees, we redoubled our effort to avert the drop in support levels. One weekend, on only 24 hours notice, 35 dairy leaders from all over the nation came to the Department to try and develop an interim program on which the industry could agree.

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Beyond this, through personal contacts and appeals to dairy leaders, we have tried every possible means to build support for a program that would maintain dairy income. For many reasons, most of which you already know, we have been unable to avert the action which I was forced reluctantly to take on April 1.

Do not read into this report that we have stopped trying. On the contrary, only this morning I reviewed some of the new proposals which will be urged on the Congress this session. I must say, however, in all frankness that at this time the prospects are not too bright for getting the necessary authority to increase dairy supports during the current marketing year. But the President -- who feels this situation keenly -- has instructed me to continue to exert every effort to help the dairy farmer.

Permit me also to make another point crystal clear -- and I now speak, I believe, with the voice of those in dairying who are alert to the trend and sentiment of current conditions.

Not even a level of 75 percent of parity for support of dairy prices will be sustained in the future in the absence of a realistic supply management program. Those who say otherwise are simply misleading you. They ignore the fact that even at the legal minimum of 75 percent of parity, the estimated cost of the dairy program in 1962 will be \$525 million. There are changes coming in dairy programs, whether any of us like it or not. The choice before us is not whether those changes are coming, but whether we are going to be able to mold these changes to benefit and not destroy the family dairy farmer.

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I am sure that the huge factory-type dairy concern will be able to ride out the economic consequences of a failure to develop programs which give reasonable choices to the dairy farmer. But I know that the family sized dairy farm will have rough going -- and these are the people about whom I am most concerned. They have helped make American agriculture the envy of the world, and they deserve better treatment by all of us than they have received.

The conditions which have brought dairying to its present crisis are those which basically underlie the whole problem of American agriculture. The so-called farm problem is a pleasant problem for most Americans -- in comparison to the farm failures and food shortages of the Communist bloc nations. But it is in no way a pleasant problem to the individual who makes farming his way of life. It is a cruel paradox that the farmer who produces so abundantly is penalized for his success -- the very success from which we as a nation so richly profit.

For example, in dairying, while the number of cows decreased 19 percent between 1951 and 1961, production climbed 9 percent. This reflects the continued thrust of scientific and technological advancements in dairying. And with supply far outracing demand, prices fall in a free enterprise economy. What is true in dairying is true also of corn and wheat and grain sorghum and cotton and soybeans and just about every commercially produced item of food and fiber in this country.

The challenge in agriculture today is that it has undergone a transforming revolution, and too few people have noticed or cared about what is happening. Few Americans understand the implications of the changes in agriculture. For example, let me cite these facts:

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First, American agriculture is capable of producing more than enough food and fiber for every man, woman and child in the United States. One farmer today produces enough food and fiber for 27 people, on the average. A year ago he could produce enough for 26, and the year before he produced for 25.

The challenge is to use this abundance of food and fiber effectively at home and abroad to meet human need and at the same time give the farmer, the man who makes it possible, a chance to earn a fair return for his capital and labor.

Second, the scientific and technological revolution in agriculture is irreversible. During the 1950's, productivity on the farm outpaced the increase in population producing an average annual surplus of food of about 6 to 8 percent, including substantial expansion of our Food-for-Peace and domestic distribution programs. In the 1960's, under the same conditions, we expect agriculture to produce upwards of 12 percent beyond all reasonable needs. The ability of agriculture to increase its productivity faster than population growth is a fact we have ignored until recently. We can expect to live with it for the foreseeable future.

Third, less than half of the farmers today are producing about 90 percent of our food and fiber. We estimate that about 40 percent of the nation's farmers are responsible for 87 percent of production. The challenge here is to differentiate between the two kinds of problems this situation presents. One is primarily economic, and the other is principally social. One is to balance supply and demand. The other is to develop new resources to combat poverty in rural America.

Fourth, large budget expenditures cannot be made indefinitely to acquire stocks of commodities that we do not need and cannot use effectively. It is wasteful to spend over one billion dollars a year to handle and store Commodity Credit Corporation stocks beyond our needs.
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Fifth, farm income is inadequate whether for the some two million farmers on inadequate sized farms or the 1.5 million farmers on adequate commercial sized farms. And we should not fail to realize that the economies of small-town and rural America are dependent upon a prosperous agriculture.

Sixth, the family farmer is an efficient producer -- the most efficient the world has ever seen. His inability to earn an income comparable to the non-farm segment of the public is not due to his lack of economic efficiency but to his lack of economic power.

To put it more simply, the farmer sells in a buyer's market and buys in a seller's market.

Seventh, the political power of the farmer is dwindling.

These are facts on which all those closely related to agriculture are in substantial agreement. The disagreement comes on what we should do about them.

I think without question that the day is ending when the Congress or the public will support legislation which provides even minimal price supports and unlimited production. It is neither economically wise nor politically realistic to expect this kind of farm legislation to continue much longer as public policy. Low supports and unlimited production proved a fiasco where corn was concerned as the Commodity Credit Corporation acquired 1.6 billion bushels of corn between 1956 and 1960 at a cost of \$2 billion to the taxpayer while farm income steadily fell. A substantial part of that corn remained in storage.

If we are to maintain and increase farm income, and to encourage those now living on the farm or in rural areas to stay in the community they know and love, then we will of necessity have to develop farm programs of new dimension and new direction.

The Food and Agriculture program of the 1960's which President Kennedy proposed in January is such a program. I will not attempt at this time any

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detailed explanation of this program. It is outlined in detail in the pamphlet at your place. I hope that you will read and study it.

In general, the program which President Kennedy proposed seeks to deal with both the economic and social problems of modern agriculture. For those commodities where we now have more than adequate supplies -- principally wheat, feed grains and dairy -- we propose to adapt the supply management principles of successful programs which are now in effect for commodities like rice, tobacco, cotton and peanuts. Essentially, they give the farmer a realistic choice between supply management with support prices or unlimited production with no supports.

For those farmers and other persons living in rural areas where economic opportunities are increasingly limited, we are proposing that the resources of rural America be directed towards producing the goods and services which an increasingly urban population needs and demands. I will deal with this subject in greater detail later because Governor Nelson here in Wisconsin already has shown his leadership in developing new opportunity for rural communities.

Very briefly, let me describe to you the present situation on the President's farm legislation as it now stands before the Congress. In the House Committee, the individual parts of the bill have been approved with some amendments. Unfortunately, the dairy legislation has been substantially altered. As many of you are aware, we were one vote shy of the required majority to pass the whole bill to the full House before the Easter holidays. We expect the final vote to come shortly after the Easter recess.

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I still hope that enough of the committee members will view the long-range national interest so that the House committee will report out the Administration program.

The Senate committee has voted out a farm bill, and by one vote ducked the responsible, forward-looking permanent program contemplated in the administration bill and fell back upon a kind of continuation of the present temporary and emergency programs. The present feed grain program would be extended. The dairy provision was eliminated. In wheat, the majority of the committee said the farmer should first choose the kind of program he would like to vote for in a referendum -- specifically the kind of action which the Congress last year assailed as a means of circumventing the legislative process.

A strong effort will be made to restore the administration proposals when the bill reaches the Senate floor, principally for two important reasons. The changes which the Senate committee made in the wheat and feed grain sections alone could add nearly \$3.5 billion over the next four years to the budgetary cost estimated for diversion payments in the administration's proposals. In addition, net farm income, which would be higher under the administration's bill, would fall lower under the Senate committee changes.

You may ask why the Senate committee voted as it did. Some people oppose the administration and its programs. And apparently, some believe the farmer needs further education before he will vote for a sound, long-term program.

My position, and that of the administration, is that if the farmers do not adopt a sound program now to assure themselves that farm income will be maintained and strengthened -- and that the cost to the American taxpayer will be measurably reduced, their chances of obtaining such farsighted programs will dwindle.

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And I believe that farmers are intelligent enough to make their own decisions as to the kind of programs that not only will be in their own best interest, but also in the best interest of all the people. I believe the farmer thinks in terms of the public interest and will act in the public interest. He wants a farm program that is fair to him, and he also is a consumer and certainly he is a taxpayer.

Further, I believe the farmer as well as those in related agricultural businesses desire to see beyond the next year or the next two years as to what farm policy will be. The Food and Agriculture program which President Kennedy has proposed looks not just to 1963 or 1964 but beyond to the next decade and the decade after that -- to a time when the farmer's children will themselves be running the farm.

It is this kind of leadership which agriculture has long needed from those responsible for public policy -- and which the President now is giving.

Within the past two weeks we have seen an example of what leadership in the public interest can obtain for the people of this country. When the steel companies decided to raise prices after a non-inflationary wage settlement had been reached with the steel unions, President Kennedy put his prestige on the line and fought for the public interest. He could have lost, but he won because he was right -- and because he believed in fighting for what was right. He gave leadership at a crisis point in the history of our Democracy, and all people -- workers, farmers, clerks, housewives and business executives -- will benefit. For farmers particularly, the cost of farm production items should remain relatively stable as a result.

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There are many reasons why the President was right in his effort to hold the cost of steel at non-inflationary levels, but perhaps the most significant is that he acted in the long-range interest of the nation's economic stability.

We have the same opportunity in agriculture to serve the long-term public interest so that all people benefit -- the farmers, the consumers and the taxpayers alike. That is why I am here tonight, because I believe programs which will reduce costs to the taxpayer while strengthening the economic bargaining power of the farmer are worth fighting for.

We are beginning to move in this direction. This year, for example, those who opposed the emergency programs developed for 1961 and 1962 now say that these steps are just fine and go as far as is necessary. Perhaps next year they might consider our proposals for 1963 and beyond as good legislation.

Yet, if we wait until every person is convinced before we give leadership to the cause we support, then we may find the forces of change in agriculture will have worked massive and irreversible adjustments which none of us want in the economic and social structure of rural America.

And it is for this reason that we have coupled with the supply management approach a new dimension to farm policy and programs. A key section of the President's farm program is the proposal to begin a long-term adjustment in the way the resources of land and water are applied by the people to produce the goods and services which the public wants and needs.

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The economists estimate, for example, that by 1980, when our population has grown to over 225 million people, we can expect to produce more than an adequate supply of food and fiber on 50 million fewer acres of cropland.

While we can expect a sufficiency of food and fiber, there is at the same time a growing realization that the shortage of recreation and open spaces which we already face will be substantially more serious. I refer here not so much to the expanse of forest and open land in the less populated areas of the country, but to the land and water resources within an hour or two of driving time from large population centers.

Through various amendments to existing programs for conserving rural resources, the administration is proposing to encourage individual farmers and rural communities to begin developing recreation as a product which the family farmer and rural community can produce and sell in substantially greater quantity than is currently being done. Recreation, in this case, will be privately developed and privately owned as a saleable commodity much in current demand.

We also are proposing that land now producing crops in surplus be encouraged to go into grassland and family forest units, either on an individual basis or through associations of farmers.

In addition, all action programs of the department will be concentrated to adapt the concept of urban renewal -- which has been effective in all large cities, including Milwaukee -- to a program of rural renewal. Under this program, new community facilities can be built or modernized, inadequate sized farms can be expanded, new industry will be encouraged to come or to start from local initiative and other projects to bring about economic development can be supported.

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As a start, the Department has proposed the "Project Opportunity" program, a series of pilot projects in recreation, grassland and family forest farms and in rural renewal. We need this to gain experience for the task ahead as well as to demonstrate that such programs can be carried out to increase economic opportunity in rural areas and to make basic adjustments in the use of our greatest resource -- the land.

I am especially impressed by the dramatic new resource development program which Governor Nelson is launching here in Wisconsin, and the manner in which it blends with what the Department of Agriculture is planning to undertake.

While many of you may assume that the Department of Agriculture deals primarily in the problems of feeding and clothing a huge nation, let me assure you that we are equally as concerned with the preservation and wise use of soil, water, trees and wildlife resources.

Therefore, the scope and imagination of Governor Nelson's Resource Development program is exciting, not only because of the benefits which it can bring to the urban residents of Wisconsin, but also to those in rural areas.

The people of Wisconsin will be richer by some 145,000 acres of new parks, 101,000 acres of new public fishing grounds and 353,000 new acres of prime wildlife habitat. More than 3,000 miles of scenic right-of-way will be preserved along your highways. The three new conservation camps for youth will serve an admirable social purpose, and the creation of 30 new lakes -- even in a state well equipped with them -- will probably only keep up with the demand.

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Because of the Governor's efforts to utilize State and regional planning as a major tool in developing resources for new uses, the department anticipates a cooperative and cordial relationship with those people who are looking ahead for Wisconsin.

Let me emphasize one last point. We know that any number of programs to increase opportunities in rural America can be proposed. But none can succeed unless those people who will benefit from them are willing to support them and to give the leadership on the local level which is so vital.

The response we have received at the local level makes me optimistic about the future of rural America. I can see an enormous and untapped application of resources to produce economic opportunity for the farmer as well as opportunity for jobs which will make the rural community as attractive as the city for the young people.

I believe the program which the President has proposed for agriculture will begin to unlock that potential. Each part of that program -- the use of abundance, the balance of supply management, the conservation of resources and the development of the rural economy -- are intertwined and interdependent.

The opportunity is before us, and it may never again be present in a manner so beneficial to all of us -- in the city and on the farm alike.

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Office of the Secretary

11, 1962
In northern Minnesota, in one of our state parks, we have a little stream that rises from the ground. Children jump across it; their parents walk across it on a log. Its name is the Mississippi River.

This is no ordinary little stream. If ever there was a growth process at work, this stream is its symbol. By the time the Mississippi reaches our capital city, St. Paul, other streams by the dozens have joined forces -- the Crow Wing, the Sauk, the Rum, the Minnesota, and others -- and what was once a little stream has grown into a man-sized river.

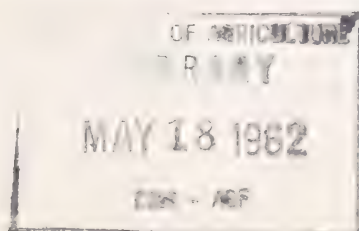
The growth process continues.

As the Mississippi moves downward toward the Gulf, every state between the Appalachians and the Rockies contributes its waters -- the Wisconsin, the Des Moines, the Wabash, the Ohio, the Platte, the Republican, the Missouri, the Arkansas, the Red, and a thousand additional streams, little and big -- until here at New Orleans we find in its accumulated flowing greatness one of God's most splendid gifts to mankind.

Beauty, utility, service -- name it and you will find it in the Mississippi River.

The Mississippi is many things to many people. It brings the sea-coast inward to our inland states. It provides a waterway to the rest of the world. It is the stream of life for hundreds of our towns and cities and millions of our people. It is the unifying force that has brought all of us here tonight, to this 17th annual Mississippi Valley World Trade Conference.

Address by Secretary of Agriculture Orville L. Freeman at the 17th annual Mississippi Valley World Trade Conference, New Orleans, La., May 11, 1962, at 9 p.m. local time.



The Mississippi means many things but most of all it means trade and commerce. I would like to echo the words of the President when he spoke here a week ago by saying that I can think of no more appropriate forum for a speech on world trade than this Mississippi River city, New Orleans, one of the great ports of our nation.

This year, as many of you know, is the Centennial year of the Department of Agriculture and the Land-Grant college system. Three days from now, May 15, we will be marking the hundredth year since President Abraham Lincoln signed the bill setting up these public service agricultural institutions which were then and, in many ways, continue to be unique in the entire world.

Our progress in agriculture during these 100 years has been phenomenal. It is the equal of our greatest discoveries in atomic energy and outer space. Not only have we met the earlier challenge of making two blades grow where one grew before, but we have gone far beyond to develop an agricultural system whose abundant output is one of the Great Marvels of the Twentieth Century.

But as we learned to produce more efficiently, also we learned that production is not enough. Science, technology, better plants, better animals, and skilled farmers to manage our production system -- we learned that these are the beginning, not the end. We learned that what happens to a commodity after it is produced is as important as the actual production of that commodity. We learned that if agriculture is truly to be at the service of mankind, we must pay as much attention to the distribution of our farm products as we do to their production.

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Production was the great challenge last century and during the earlier part of this century. Today an even bigger challenge -- because we have made less progress in it -- is the area of marketing and trade, the area in which our agricultural abundance, once produced, is successfully made available for mankind to use.

In this area, foreign marketing is even more of a challenge than is domestic marketing. In the United States, we have what the economists call an inelastic situation. People already are relatively well fed and well clothed. As incomes rise, our people tend to spend the extra money on things other than food and clothing. Our agricultural market growth here in the United States pretty much parallels the growth in population.

Overseas, however, the situation is vastly different. With a few exceptions, you can name almost any country in the world and find a deficit of at least some of the commodities we produce. We know from the recent record that foreign markets hold great promise. Between 1950 and 1960, while domestic consumption was increasing 14 percent, our agricultural exports increased 84 percent.

So here we stand. We have an agricultural plant that produces more efficiently than any other agricultural plant in the world, and each year does even better than the year before. In addition to our current production, we have many billions of dollars worth of accumulated supplies that are available for consumption. We have a transportation and shipping system that is unequalled -- the Mississippi River and its tributaries, the St. Lawrence Seaway, and an effective system of overland transportation by rail and truck. We have great ports with fine modern facilities such as the one dedicated here in New Orleans a week ago, all designed to speed

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our products on their way to the world's consumers.

Last year, we exported a record 661 million bushels of wheat and flour equivalent, equal to half our production, plus large amounts of feed grains. I am told that you set a record by handling over 200 million bushels of this grain here in New Orleans alone. But American farmers could have supplied more grains and New Orleans, I am sure, could have handled more grains.

Last year, we exported a record 143 million bushels of soybeans, equal to a fourth of our production, and the Port of New Orleans shipped 40 percent of these exports.

Again, American farmers could have supplied more soybeans and New Orleans could have handled more soybeans.

Last year, we exported a record total of \$5 billion worth of agricultural products -- wheat, feedgrains, rice, cotton, tobacco, fats and oils, fruits and vegetables, and animal products. An impressive amount of these products moved overseas through the Port of New Orleans. One-fourth of our Nation's total exports were agricultural -- \$5 billion out of \$20 billion. Of the \$5 billion, \$3.5 billion sold for dollars in the world's cash markets; \$1.5 billion moved under the Food for Peace program, mainly to the underdeveloped countries.

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This is a tremendous volume of farm products, about 41 million long tons worth, about four times the combined weight of every man, woman, and child in the United States. These products would fill 4,000 cargo ships, or more than a million freight cars.

Again this year we are exporting \$5 billion worth of farm products, the largest agricultural exporting operation of any nation in the world. By no means, however, are we operating at full capacity. We have the resources and the means to increase our exports much further -- if we as a nation make wise decisions and act vigorously.

We, and many other nations with us, are at a crossroad in the patterns of world trade. It is in our power to make decisions that will make world trade blossom and grow -- or to make it wither.

It sounds like something out of Alice in Wonderland but in our country there are those people who think it is possible to get somewhere by standing still. To this audience, however, with your progressive record in foreign trade, the fact that we must move ahead is obvious. Your leadership is needed in helping others to see the way with equal clarity and to take the decisive steps that are needed.

There are two commanding areas of international relations in which our actions will have major bearing on our successes, or failures, in foreign trade.

One of these areas is economic development. How do we help the world's poverty-stricken people work their way up from poverty, so that they can enjoy a better life as they develop into paying customers?

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The other area is trade policy. What rules can we set up that help us to expand our trade with the world's people who already are prosperous and already are paying customers?

Let's consider each of these challenges.

First, economic development. You have heard many times such statements as: "Half of the world's people are hungry." ... Or, "The average per capita income in India is \$65 a year; in the Congo, \$70 a year; in Brazil, a little over \$100 a year." These are true statements.

So we ask ourselves, how do you sell food to a hungry man who has no money in his pocket. The answer is, you don't.

In helping such a man, the first thing you do is to help feed him. Then you help him find a job. If no job exists, you try to help create a productive job, one that enables him to pay his own way and to buy what he needs in the marketplace. This, in a nutshell, is what we mean by food assistance and economic assistance. This is what we as a nation are doing under our Food for Peace and economic aid programs.

Thirty percent of our agricultural exports are moving to under-developed countries that lack finances to buy in the cash market. These exports move under the Food for Peace program, another term for Public Law 480. This program makes available our abundant agricultural supplies under concessional arrangements, including sales for foreign currency, barter, donations, and long-term repayment contracts.

New Orleans plays an important part in the Food for Peace program. Last year, one-fourth of our feed grain exports and close to three-fourths of our wheat exports moved abroad under the special programs, and large amounts of these grains left for foreign shores from this Port of New Orleans.

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Food for Peace is a program of great impact. It supplements the food supplies of families in over 100 countries having a combined population of over 1.3 billion. In the seven fiscal years, 1955-61, our Food for Peace shipments had an export value of over \$9.5 billion. The handling of such a volume of shipping provides jobs and income for many thousands of our own people, including people up and down the Mississippi and here in New Orleans.

What makes Food for Peace one of the world's great humanitarian programs is not just the fact that it makes additional food available to people. If the objective of Food for Peace were to set up permanent breadlines, with all the tragic hopelessness that implies, its humanitarian qualities might be questioned. The positive force in Food for Peace is its built-in component of economic development. These big shipments of food that we are sending to the newly developing countries carry with them a value over and above the prevention of starvation. They provide the extra energy that busy people require as they develop their nations. They help hold down inflation so that the working man can buy more with his wages. They add to a country's incentive and to its financial ability to move ahead with the kind of development that brings jobs, payrolls, expanded production, and higher levels of living. They help, materially, to hasten the day when a country can stand with us as an equal -- in trade, in defense, as a free and independent nation.

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When we talk about foreign aid, including Food for Peace, we are not talking about something far removed from this Mississippi Valley and its agricultural and business communities. All of you here, and your associates who are not present, not only are helping to shape progress in other lands but your own business affairs will be shaped by our nation's abilities to help other friendly nations as they build their political and economic strength and freedom.

Now, the second area of great decisions -- foreign trade.

In our foreign trade decisions, we are at the crossroad this very day. We have much at stake. As the President said here a week ago, "we stand at a great divide, deciding whether all this is to go forward or fall back -- whether we are to trade or fade."

The immediate issue is the Trade Expansion Act of 1962, now being considered by the Congress. This is an Act of great breadth and vision. It would give us the means of expanding our trade with the already prosperous parts of the world -- Western Europe, Japan, Canada, and others. It would give a boost to the export earning power of newly developing countries, such as our neighbors in Latin America, by encouraging importing nations to reduce their duties on tropical agricultural and forestry products.

I want to join with the President in saluting men such as Wilbur Mills and Hale Boggs for their efforts in preparing the way for passage of this important bill.

American agriculture's most immediate need for the new trade bill arises from the emergence on the world scene of the European Common Market. This area is American agriculture's best customer. We face some problems in maintaining our exports to the area. It is imperative that we resolve these problems favorably, and the trade bill is our strongest assurance that we will be able to do so.

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Let's take a look at this Common Market. As you know, it is a customs union to which six countries belong -- France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. These countries are busily tearing down the historical trade walls that for centuries have separated them. By 1970 or before, these countries intend to have goods, capital, services, and workers moving as freely from one nation to another as they do here between our own 50 States.

The emergence of the Common Market in itself is a wonderful development, one of the significant developments of the century. These countries have been making tremendous progress since they recovered from the war, and the Common Market affiliation will lead to further strengthening of these free world allies.

The United States is a strong supporter of the Common Market but we have conditioned our support on the assumption that the area will have an international trade outlook that is expansive, not restrictive. When a group of countries agree to do more business with one another, there is always the strong possibility that they will do less business with outsiders. We have this concern with the Common Market, especially with regard to certain agricultural products.

American agriculture has a particularly big stake in the direction taken by the Common Market. Its six members are buying over \$1 billion a year of our farm products, close to one-third of our agricultural exports for dollars. Add the other countries that are seeking to join or affiliate -- such as the United Kingdom, Denmark, and some of the Scandinavian countries -- and the group represents close to a \$2 billion market for our farm products.

Our specific trade problem with the Common Market is this. For two-thirds of our exports to the area, coming to around \$700 million a year, the outlook is good. Cotton and soybeans are duty free, and on fruits and vegetables we have been able to negotiate fixed tariffs on which we hope to negotiate future reductions. On these products, we are confident we will share in Western Europe's dynamic expansion.

But for another important group of commodities, coming to some \$400 million a year in value, the future is clouded. This group includes wheat, feed grains, rice, and poultry. On July 1, the area's Common Agricultural Policy will go into effect and these items will become subject to a variable levy system. This means that on these products the Common Market can increase or decrease its import fees as a method of protecting its own producers from outside suppliers.

We also have a problem with another important export commodity, tobacco. Here, a shift of the duty from a specific to an ad valorem basis would make the tariff fall with relatively heavier weight on our high qualities. We expect to negotiate for lower tobacco duties in the months ahead and the Common Market countries are fully prepared to do so.

The basic danger in the Common Market's agricultural development is that the variable levy system can be used to bring about excessively high price levels that might stimulate uneconomic production within the Common Market, while restricting imports of economically produced commodities from outside suppliers, such as the United States.

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This Administration is giving the highest possible priority to the maintenance of American agriculture's position in the markets of the European Economic Community. The President is giving this matter his personal attention. Not only in the Department of Agriculture and in the Department of State but Government-wide we are pressing hard to assure the continued flow of our farm products on terms that are reasonable and fair.

In the Department of Agriculture, we are taking a number of steps to strengthen American agriculture's dealing with the Common Market:

I am appointing an Assistant Secretary of Foreign Agriculture, and one of his principal responsibilities will be to give leadership in the Common Market trade policy area;

We are establishing a new Agricultural Attache post in Brussels at the EEC headquarters;

We are sending a special study mission to the Common Market to get further understanding of the complicated mechanics of the Common Agricultural Policy and how it will affect American agriculture;

Throughout this week, we have been holding in Washington a world-wide conference of our Agricultural Attaches in which improvement of trade access was the single most important item on the agenda.

As to our specific program of action in meeting the Common Market access problem, we are approaching it in its two phases, one immediate, the other longer-range;

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(1) The immediate need is to keep our agricultural trade flowing until such time as we can engage in longer-term negotiations.

During this earliest phase of the Common Agricultural Policy, while it is in a state of evolution and change, we are bringing influence to bear in the direction of modifying any adverse directions with respect to our trade.

We are making every effort to persuade the EEC not to set its variable levies at too high levels.

This is a critical time. Any undue protectionism established now by the EEC could tend to set lasting future patterns and, I might add, make it extremely difficult to negotiate on a reasonable basis for entry of our agricultural products in the EEC market in return for the entry they seek in our market.

(2) The second phase is the longer-term negotiating phase. This will be going on in the months, even years, ahead. In this negotiating, we must be able to bargain from a position of strength and flexibility. We will require the enabling features of the Trade Expansion Act of 1962 if we are to be successful.

In our drive to maintain access to the Common Market we must be sure there is a clear understanding of our point of view. Without question, government leaders on both sides of the water understand the trade issues that are involved. The leaders of the Common Market have given us strong assurance that liberal trade policies will be followed and that U.S. agricultural exports will not suffer. When Dr. Walter Hallstein, President of the Community, visited me recently, he publicly gave such assurance.

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We face the realistic fact, however, that the pressures on the EEC administration by some groups to use the variable levies to excess will, I venture to say, at times be great. To counter such pressures, we need to communicate with, to encourage, and to support those forces -- those private citizens and private groups, if you will -- in Western Europe who are keenly aware that agricultural self-sufficiency will be detrimental to their own economic interest.

We need -- and I would like to call for it at this time -- to build an Atlantic Bridge of Ideas across which common-sense, rational concepts of trade and commerce can travel. Like trade, this needs to be a two-way bridge, for we will gain from Europe's trade concepts just as they from ours.

This bridge must be built and maintained by our people -- you people and the many organizations you represent, and your brother and sister groups throughout the Nation.

There is a strong mutuality of interest between many groups in the United States and in the Common Market. The Port of New Orleans, for example, and the sister ports of Europe. The business people of this Mississippi Valley and your counterparts in Europe. Your labor groups, your cooperatives, your financial interests, your media outlets -- the press, radio, television, and trade journals. This Atlantic Bridge of Ideas, from which can come a rational approach to solving our trade problems with the Common Market, must be a bridge of the people. We will work with you; all of Government will work with you. This is an approach which can reinforce and strengthen the all-important negotiations that we are and will be carrying on with the Common Market.

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Over this bridge, the realization must flow that our futures -- that of the United States and Western Europe -- are inexorably tied together, that we do not regard the people of Europe as rivals but as partners, that we want to move ahead together.

Over this bridge also must flow the realization that as we want to sell more products to Europe, also we recognize the need and we are willing to grant the opportunity for Europe to sell more to us.

We must approach the countries of Western Europe in the spirit that they are responsible nations. We can expect them to act as responsible trading partners. I am confident they will.

Europe, as one of the world's great workshops, needs our efficiently-produced, moderately-priced agricultural products to supplement her own higher-priced agricultural products in support of her expanding industry. Europe needs us as one of the markets for her products. We have a strong basis for negotiation.

In paving the way for negotiation, however, I repeat that we need the bridge to bring home to Europe's people the full implication of her own agricultural policies. In rice, for example, I am proud of the approach being taken by your own rice industry to find out the facts and also make them known to Europe. A group of our rice producers and millers has just returned from conferring with the importers, millers, and government officials of the EEC countries. This area is an important market; last year we sold them 2 million hundredweight of rice, and a lot of it moved out through the Port of New Orleans. An unduly high variable levy

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could tax our incoming rice so heavily as to practically exclude it because people simply wouldn't pay the increased prices.

Through close cooperation with our industry, we are able to emphasize to Europe's consumers that the new policy may give them less access to our high quality long grain rice and force them to turn to available lower grades which, in the past, they have never preferred. Our rice people know, and they are pointing out, that if lower grades of rice are forced on the people of northern Europe, the results probably would be only reduced consumption -- and possibly the piling up of surplus rice within the area.

Let's consider poultry. Here, again, our industry is working hard to tell the consumers in Europe of the possibility that through new policies, they could have less access to our high-quality, medium-priced poultry products. In fact, the problem of U.S. poultry and the Common Market is rapidly becoming a symbol of the problems, real or potential, that we face.

We have built up an impressively big poultry market in Western Europe in the span of a few years. In 1955, when quantitative restrictions were in effect, we sold West Germany 56 thousand pounds of poultry. In 1961, after we had successfully negotiated the removal of such restrictions, we sold her 135 million pounds of poultry.

An interesting thing about our poultry promotion in Germany is that we have not displaced German production; we have helped it. During this 1955-61 period, German poultry production actually went up from 137 million pounds to 240 million pounds, an increase of 75 percent. It is important that such facts be made known in Europe.

We are working hard right now to get assurance that the Common

Agricultural Policy does not bring any considerable increase in retail prices of poultry in Germany and the Netherlands where we have our big markets. As long as poultry prices are reasonable and quality is good, both the Common Market's poultry production and our poultry exports can expand amicably together.

It is in our mutual interest that the Common Market people come to see opportunities that lie before them, such as in poultry. In our country, the per capita poultry consumption is 38 pounds a year. In the Common Market it is only 12 pounds a year. A tremendous potential market awaits development, and all can share in it.

The footings of the Atlantic Bridge of Ideas already are being started by some. Let me congratulate, for example, the Port of New Orleans for your forward-looking intention of opening a trade development office in Europe. We in the Department of Agriculture, and our Agricultural Attaches who represent us overseas, will welcome the opportunity to work closely with you to the benefit of American agriculture. We are cooperating in export development work with some 40 trade and agricultural groups in 57 countries, and we are glad to have the Port of New Orleans become associated with this joint enterprise.

In this talk, I have come a long way-- from the quiet headwaters of the Mississippi in Minnesota, to the bustling port here in New Orleans, to the world markets where our products move in increasing volume in the service of mankind. I have covered no more, however, than what you and your organizations represent, for here in this great Mississippi Valley you are one of the active, vital, indispensable links between the American producer and the world consumer.

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I wish you well in your good work. Let us move forward from the crossroad together.

I give you my assurance that this Administration, the Department of Agriculture and I as Secretary of Agriculture will do everything in our ability and power to maintain and to further expand this tremendous flow of agricultural products that moves from the Mississippi Valley, and other parts of the Nation, out through the great ports that service our agriculture, such as the Port of New Orleans.

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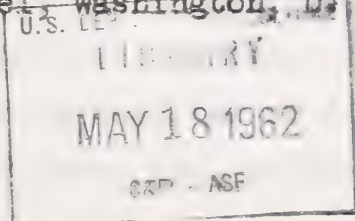
I take great pleasure in welcoming you to the World Food Forum, an occasion that opens our commemoration of the Centennial of the United States Department of Agriculture. Today we pay tribute to one hundred years of progress. But the highest purpose of our observance of this Centennial is to evaluate the achievements of the past in terms of the needs, opportunities and challenges of the future.

We have much to be thankful for in the achievements of the past. American agriculture has, during the past century, created an abundance in the basic needs of human beings for food and fiber of which earlier generations dared not even dream.

Fewer than one-tenth of our labor force, using only two-thirds of our cropland acres, now provide plenty for all of our people -- enough to spare and to share. The consumers of this nation now enjoy a greater supply and variety of better food at lower real cost than any other people in history. In addition, last year we exported a record total of \$5 billion worth of agricultural products, 30 percent of which moved under the Food for Peace program. Under this assistance program we have sent abroad more than \$9.5 billion worth during the past seven years.

This amazing increase in productivity is only at the beginning of its rising curve of acceleration. During the 90 years between 1860 and 1950, the number of persons supplied by one farm worker increased from $4\frac{1}{2}$ to $14\frac{1}{2}$, a three-fold increase in 90 years. But during the 10 short years between 1950 and 1960 that number nearly doubled, from $14\frac{1}{2}$ to 27.

Opening Statement by Secretary of Agriculture Orville L. Freeman, at the World Food Forum, Sheraton Park Hotel, Washington, D. C., 10 a.m., Tuesday, May 15, 1962.



And even within that decade just past, agricultural productivity increased faster during the last half than during the first half of that period. It is the policy of this Government -- this Administration -- to see that this abundant agricultural productivity is balanced and utilized most effectively in the interest of the people of this nation and our relationships with the rest of the world.

For the past, this agricultural productivity has given a dynamic impetus to the economic growth of our nation, an invaluable boost to the American standard of living, and an opportunity to assist millions of people in other nations.

For the future, this productivity presents to American agriculture, and to this nation, and to other nations that share in this abundance, the greatest challenge in all our history. The scientific and technological revolution in agriculture has opened the door to the possibility of plenty in basic human needs -- a potential for plenty under which no man, woman or child need be in want. Yet only a few nations in the world today, with fewer than one-third of the world's population, have been able to enter through that door.

The challenge we face is to open wider the gate to this era of abundance. The challenge is not only a more effective distribution of what we produce, it also includes a sharing of the know-how that makes this productivity possible.

American pioneers overcame tough, hard obstacles in conquering the physical frontiers of the past century. Ahead lie frontiers in human relations that are even more hazardous and more difficult.

If we are to meet successfully the challenge of these frontiers, we must seek to apply the best of our knowledge, experience and resources to the needs of the future. We must cooperate with all other nations that seek the same goals.

As we seek to meet the challenge of this new age of space, of power and of potential plenty, we must be ready to cooperate to direct the power that man has created in the best interest of mankind. The future may depend on how well we succeed.

Let us resolve to meet that challenge.

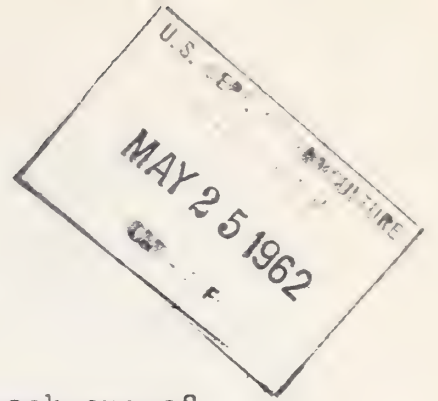
Let it never be said that, in these critical years of the scientific revolution, we were able to send men into space but unable to put bread and milk into the hands of hungry children.

Let it never be said that we had the scientific knowledge and the technical skill to produce power sufficient to destroy civilization, but that we did not have the ability, the vision and the will to use that knowledge to produce and distribute the abundance that science and technology now offer to a world at peace.

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AMERICAN AGRICULTURE IN A CHANGING WORLD

World Food Forum

Secretary Orville L. Freeman
May 15, 1962
Washington, D. C.



15, 1962

The United States Department of Agriculture welcomes each one of you to this session of its World Food Forum. We are especially happy that the two chairmen of the Committees on Agriculture in the Congress of the United States have honored this occasion by accepting such essential roles in these proceedings.

Both Representative Cooley, Chairman of the Committee on Agriculture in the House of Representatives, and Senator Ellender, Chairman of the Senate Committee on Agriculture, have worked most effectively to sustain and strengthen the American agricultural economy in order that it may continue to make maximum contributions to progress in the United States and to world economic development. Mr. Cooley has given consistent recognition to agriculture as a major force in the world. Senator Ellender is one of this nation's most vigorous advocates of international exchange of information and ideas, through direct, people-to-people contact, in the promotion of better relations. I wish to express my own personal appreciation, and the thanks of the U.S. Department of Agriculture, to these two men for their contributions to this occasion.

In scheduling this "World Food Forum" as the opening event in its observance of the Centennial of the United States Department of Agriculture this nation is affirming its recognition of the fact that problems of food and agriculture transcend national boundaries.

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In tonight's consideration of American Agriculture in a Changing World we are particularly concerned with the difficult and urgent problems that accompany the revolutionary changes that are taking place in the world today. We recognize that the nature of many of these changes can be profoundly influenced by the availability of food in quantities adequate to meet human needs, and by the conditions under which that food is produced and distributed. We recognize that the tremendous success of agriculture in this nation has placed us in a position of world leadership and world responsibility. We seek to meet that responsibility by offering the maximum possible contribution by American agriculture to economic growth and higher levels of living, under conditions of freedom, throughout the world.

One hundred years ago, in 1862, three measures were adopted by this nation that have made invaluable contributions to our agricultural productivity.

- 1 -- There was created in the national government the Department of Agriculture, described by President Lincoln as "the people's department", to assist the farmers who then made up a majority of our population.
- 2 -- The Homestead Act was passed, to give renewed impetus to the principle of the family farm -- the principle of ownership of the land by those who cultivate it -- that has always been the basis of American agriculture.

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- 3 - The Morrill Act established our Land Grant College system, which has led the way in the application of research, experimentation and scientific progress in agriculture. Under this program has been developed an extension system under which new science and technology could make a maximum impact on agriculture because it was made available to millions of individual farmers throughout the nation, not only in schools and colleges, but in their own communities and on their own farms.

These three measures, and the institutions that developed under them, had much to do with the century of progress that has seen agriculture in this nation progress from an economy of scarcity to an economy of abundance, a progress that equals our greatest discoveries in atomic energy and outer space. Not only have we met the earlier challenge of making two blades grow where one grew before, but we have gone far beyond to develop an agricultural system whose abundant output is one of the great marvels of the twentieth century.

The rise in productivity in American agriculture since 1862 can be measured in many ways. One of the most graphic is the number of persons supplied with farm products by one worker on the farm. One hundred years ago each farmer supplied $4\frac{1}{2}$ persons -- including himself -- little more than his own family. A half century later, in 1910, this number had increased to 7. By 1940 it was $10\frac{1}{2}$. In the decade between 1940 and 1950 the number increased to $14\frac{1}{2}$, with nearly all of the increase during the war years.

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Since 1950 the rate of increase has sharply accelerated, so that the number supplied by one farm worker today is approximately 27. Fewer than 9 percent of our labor force are engaged in agriculture today, as compared with 20 to 40 percent in much of Western Europe, over 45 percent in the Soviet Union, and 70 or 80 percent in many of the underdeveloped parts of the world.

This agricultural progress has provided the people of the United States with an unprecedented abundance of food and fiber. It also has made a significant contribution to economic growth in other segments of our economy. To those emerging nations of the world that are today desperately seeking the industrial development that characterizes economic maturity, the contributions of agriculture to economic growth are especially significant.

As agriculture advances, the transfer of surplus labor from the farm to meet expanding needs for industrial manpower is most significant. Industrial development requires a substantial and steady expansion of the labor force available for manufacturing and other non-agricultural occupations. Statistics show a very definite correlation between the decline in the proportion of a nation's manpower devoted to agriculture and the achievement of economic growth.

Agricultural progress likewise contributes materially to the capital formation that is needed for economic growth, particularly in early stages of industrialization. And the increased demand on the part of farmers for industrial products is an important stimulus to industry.

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Meanwhile, increased food supplies at relatively low prices mean that wage earners need to use less of their incomes to buy food. Thus their demand for other goods increases, and a rise in national output, income, and levels of living takes place.

In these and many other ways American agriculture has made a massive contribution to the economic development of the United States. Because such contributions are more critically essential in the pre-takeoff and takeoff stages of economic growth than they are after maturity has been reached, the most dramatic contributions of agriculture to the economic growth of this nation lie in the past. Substantial contributions will continue, in the future, as a firm underpinning to our national well-being.

The most dynamic contributions to economic growth that American agriculture can make in the years ahead will be in the underdeveloped areas of the world.

This is particularly true because the "revolution of rising expectations" reflects one of the most critical aspects of the changing world of today. Only a minority of the world's people live in nations in which a mature modern economy provides high levels of living. In these nations food and fiber supplies are adequate, if not excessive. The benefits of modern science and technology provide comforts and luxuries in abundance.

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But a majority of the world's people live in emerging nations, at various stages of development, in which scarcity of most of man's physical needs is a dominant characteristic. But the people of these nations desperately seek to achieve the levels of economic well-being that they see in the economically advanced nations. Their drive toward that goal is determined and insistent, and cannot be denied.

Let me ask, at this point, just why we should be deeply concerned about economic growth in these underdeveloped areas? Basic human decency and morality impel us to care about those of our fellow-men who suffer from hunger and want, but in addition to this there are other more mundane reasons.

First, our own security depends on the prevalence of conditions under which the people of underdeveloped nations can hope to achieve higher standards in peace and in freedom. If the underdeveloped nations can be helped to achieve satisfactory growth rates under free institutions, the security of the free world will be immeasurably strengthened. If they choose other institutions and other methods, freedom may be jeopardized even where it now exists. It is therefore very important that we do our utmost to assist their economic growth under free institutions, such as those that have meant so much to our own advance.

Second, our own continued economic growth demands rising standards elsewhere, among people with whom we hope to develop expanding trade relations. One might illustrate this aspect by pointing out that you can't sell food to a man who has no money, no matter how hungry he is.

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First you give him some food -- either outright or on long-term credit. Then you help him find a job. Or, if no job exists, you help to create a productive job for him that will enable him to pay his own way and buy what he needs in the market place. This illustrates what we mean by food assistance and economic assistance. This is what we as a nation are doing under our Food for Peace and economic aid programs.

The contributions that American agriculture is called upon to make thus take two forms. One is in the form of Food for Peace, the program under which we have contributed \$9.5 billion worth of the products of our agricultural abundance to relieve hunger, meet emergencies and promote economic development. We will continue to strengthen and improve this program.

American agriculture can also contribute -- not only of the fruits of its productivity -- but also of the know-how that makes this productivity possible. For it is now well recognized that a revolutionary increase in agricultural productivity within the emerging nations themselves is essential for successful take-off toward a mature economy.

During the transitional period, when a country is striving for industrial growth, the need for food increases. Rising population, the growth of cities, the increased demand on the part of hungry people whose low incomes are going up a little -- all contribute to the need for more food. The Food for Peace program helps to meet that need. But that need can never be fully or permanently met without a sharp increaseⁱⁿ/their domestic farm production.

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To encourage such an increase in domestic productivity technical assistance in agriculture is of utmost importance. Ever since President Truman announced the Point Four Program, technical assistance has been a part of our foreign policy.

This technical assistance in agriculture has taken many forms. First there is the sharing of all kinds of technical and scientific knowledge relating to better farming -- including such things as irrigation, soil fertility, the breeding and development of better field crops and farm animals. For more than a decade the Department of Agriculture has carried out a project for locust and other insect control in the Near East, South Asia and parts of Africa, in cooperation with the nations in those areas and the FAO. More than 1200 American technicians and experts are abroad, helping with projects ranging from the reclamation of waterlogged and saline lands to the raising of chickens.

But this kind of assistance has limited value unless it is accompanied by education for those who cultivate the land, unless it includes assistance in making the kind of social and institutional changes that will help bring about better use of both natural and human resources. We therefore offer technical assistance in the building

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of economic and social institutions under which economic growth can proceed in a free society.

One such example is found where basic principles of democracy along with economic progress, are furthered by programs to assist in the organization of rural youth clubs patterned after the 4-H clubs in the United States.

An objective of these clubs is to encourage responsible citizenship and provide rural youth an opportunity to participate in constructive group activities in addition to the specific projects undertaken by the members. The members are given special training in how to conduct meetings, and the parliamentary procedures involved. Interest in the 4-H Clubs can be illustrated by the fact that in Brazil 200 clubs have been organized with over 4,000 members, Colombia has almost 600 clubs with over 9,000 members, Ethiopia 101 clubs with 6,000 members, Iran 600 clubs and 12,000 members, the Philippines 4,700 clubs with 116,000 members, Taiwan 5,300 clubs with over 65,000 members, Thailand 190 clubs and 7,000 members, and Turkey approximately 1,000 clubs with 25,000 members.

Another illustration of sharing the benefits of American agricultural know-how to build essential institutions is a program

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of supervised agricultural credit that was established in Iran to make the land reform program work. In the past, the peasants, the backbone of an expanding economy, have been paying the equivalent of 50 to 200 percent interest for most of their credit. This is an obviously unbearable burden that throttled the aspirations of the peasants and aggravated social unrest. With the advice and counsel of American experts a supervised agricultural cooperative credit program was launched, by which credit that costs the farmers only 6 percent is integrated with the supplying of fertilizers, improved seeds, and education to improve farming practices.

The achievements of the program have been most remarkable. To date nearly 1,000 credit cooperatives have been organized, serving nearly 300,000 members, or some 1,500,000 farm people. Loans to members have run between 5 and 6 million dollars, and the share capital owned by the peasants and their savings amounting to approximately 1.9 million dollars. To encourage savings, the Agricultural Bank guarantees saving deposits made with approved cooperatives. In the midst of great poverty and waste, villagers have, with good guidance and trust in their cooperatives, responded to help themselves overcome one of their great economic burdens.

A key to the success of the cooperative credit program of

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Iran has been the training and educational activities of the Agricultural Bank. During the past three years, some 250 cooperative supervisors have been trained and employed, 120 field training seminars held, two country-wide seminars conducted, many educational booklets and guides issued, and 4 cooperative movie strips prepared. Without these educational and guidance activities, the cooperative credit program for the peasants would have been impossible. U. S. assistance to the Agricultural Bank of Iran has been limited to supplying American advisors and training some 12 Iranians in the United States. Total costs, from the beginning through next June, will be about \$200,000.

One cannot go into the villages of Iran where credit cooperatives have been organized without being impressed by the gleam of satisfaction in the faces of the peasants and sense their desires and aspirations to have more of the simple comforts of life -- better food, clothing, security of tenure, and relief from excessive indebtedness.

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Many other illustrations could be given of ways by which the institutional experience, under which American agriculture leads the world in productive efficiency, can contribute to the developing nations.

They include education at all levels: the training of scientists, of extension workers, and of the farmers themselves.

They include emphasis on research and experimentation.

They include the development of cooperatives through which farmers market their products and purchase supplies.

They include facilities for credit and the kind of supervised credit that makes for better management.

And they include a system of land tenure and private ownership of farms, under which efficiency and progress is stimulated by individual ownership and personal incentive.

The United States stands ready to assist the developing nations of the world in the know-how to adopt and adapt such institutional patterns as these.

Many of the emerging nations have not yet settled such questions as land tenure and ownership. Many of them face major problems in their search for agrarian reform.

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They feel impelled to choose the system of land ownership and cultivation that will bring about the increase in productivity they must have. And at the same time they face the rising clamor of those who till the soil for the age old dream for ownership of the land they till.

In this single aspect of institutional development -- calling for individual ownership of the land by those who cultivate it -- may lie a major key to the future political and economic development of many nations. It has been a major factor in our own development.

More than a century ago Daniel Webster declared that "A Republican form of government rests not more on political constitutions than on those laws which regulate the descent and transmission of property."

Political and social development in most of the emerging nations will be materially affected by the institutions that grow in the rural areas where most of the people live. If land tenure reform follows the pattern of individually owned and operated family farms, free institutions will be immeasurably strengthened.

Furthermore, all evidence we have indicates that both capital formation and increased agricultural productivity will be enhanced by this course. In an underdeveloped agriculture the incentive of ownership is a powerful mechanism for the creation of capital from labor by such means as digging wells and ditches, clearing land, building roads or terraces or buildings and rearing livestock. Underemployed labor is

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thus transformed into capital assets. This impetus to productivity is not achieved where the farmer lacks the pride of ownership and the opportunity for gain from his added effort.

On the other hand, repudiation of the principle of farmer ownership of his land has had serious results. Recent history shows what an appalling price in hunger, food deficits, and lagging productivity has been paid where governments have sought to destroy individual incentive and ownership in agricultural production.

Recent history also shows most promising increases in productivity where the family farm principle has been strengthened. When American assistance in Taiwan helped to increase the percentage of farm land operated by its owners from 57 to 87 percent, productivity increased by 31 percent in only a few years. When farm tenancy in Japan was reduced from 46 percent of the arable acreage to 10 percent, production per cultivated unit increased 44 percent even though the size of such units had been reduced. Total agricultural net real income increased by 32 percent.

To those nations and peoples who face this choice, American agriculture can issue a challenge. No feudal estate, no state-owned farm, no plantation, no latifundio, no collective -- no one of these has ever achieved the abundant and efficient productivity of the American family farm. No one of these has ever produced an agricultural economy that has contributed so much to over-all economic growth. No one of these has ever equalled its development of a level of citizenship and sense of personal dignity and worth.

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This is a part of the know-how that American agriculture offers to contribute to this changing world.

When I opened this Forum earlier today, I stated that the highest purpose of this centennial observance is to evaluate the achievements of the past in terms of the needs, opportunities and challenges of the future.

We are proud of -- and thankful for -- the achievements of American agriculture in the past hundred years. As we review those accomplishments it becomes clear that the knowledge, experience and resources that we have developed during that century can contribute materially to meeting the needs and solving the problems of the years ahead. American agriculture can play a major role in this nation's effort to cooperate with all other nations that seek the same goals, in striving for a brighter, more secure future on this earth.

American agriculture is in a position of leadership. As a result of that position it has an obligation to lead in the direction of the maximum utilization of the scientific and technological revolution of today to bring about the economy of abundance that is possible in the world of tomorrow.

I should like, in closing, to repeat the same emphasis on the task ahead that I made this morning at our opening session.

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As we seek to meet the challenge of this new age of space, of power, and of potential plenty we must adapt our social and economic institutions to direct the power that man has created in the best interest of mankind. The future of our entire civilization may depend on how well we succeed.

Let us resolve to meet that challenge.

Let it never be said that, in these critical years of the scientific revolution, we were able to send men into space -- but unable to put bread and milk into the hands of hungry children.

Let it never be said that we had the scientific knowledge and the technical skill to produce power sufficient to destroy civilization, but that we did not have the ability, the vision, and the will to use that knowledge to produce and distribute the abundance that science and technology now offer to a world at peace.

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I have been greatly pleased to see that the House Ways and Means Committee is making good progress with the Trade Expansion Act of 1962, and we hope the Bill will soon be up for House consideration. The support of groups such as those represented here today has made a valuable contribution to mustering support for this essential Bill during these recent months, and your continued support will be even more necessary during the period of Congressional consideration immediately ahead.

In agriculture, we feel the need for the President's trade program perhaps more keenly than any major group in our nation. One-fourth of our country's total exports are agricultural, \$5 billion out of the \$20 billion. These exports are an indispensable outlet for our agricultural production, they are an important source of income to our farmers, and they directly strengthen both our foreign policy and our balance of payments position. From a strictly practical standpoint, agriculture needs the new trade Act to help maintain and to strengthen its foreign trade position.

However, the farmers of this country are citizens first, farmers second. An opportunity to "strike a blow for freedom," as the President has described this Bill, is as important to our farmers as it is to all other citizens. We in agriculture emphasize our support of the measure because it will both enhance the security of the United States and promote the best economic interests of this nation as a whole.

Our basic approach to this discussion of the Trade Expansion Act of 1962 has to be within the framework of the tremendous investment our nation has made

Talk given by Secretary of Agriculture Orville L. Freeman at conference of the Coordinating Council of Organizations on International Trade Policy, Sheraton-Park Hotel, Washington, D.C., Thursday, May 17, 1962, 10:20 A.M. (EDT)



during the past two decades -- in dollars and in blood -- to insure the perpetuation, the independence, and the growth of the Free World.

Over these two decades we have won a war, we have fed and clothed our foreign friends, we have supplied equipment, we have loaned money, we have granted funds -- all at great cost and all in the interest of guaranteeing for us and our children a form of human relationship that we know is good and that we actively defend and maintain.

The Bill we are considering is not something alien or unrelated to the many constructive programs that our people willingly have undertaken. It represents an effort to build our future upon this base that we have established -- to reap some of the earnings from our great investment.

Today we continue to spend billions of dollars for defense. The major part of every tax dollar goes for such purpose, and our taxpayers, though realizing the necessity, also feel the burden of these expenditures. In this Bill we have the opportunity to strengthen the Free World in ways that, instead of costing us money, actually will add to the net production and incomes of the people of our nation, as well as of our friends abroad.

Aside from our desire to help protect the nation's investment in our way of life and to help strengthen the Free World, we have two special concerns. As I mentioned before, we see in the Act an opportunity to help maintain and expand our agricultural markets abroad. We also see in the expanding economy that will be stimulated by this Act new economic and employment opportunities for the millions of underemployed people in our rural areas who now make only limited contributions to our output of food and fiber.

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Our nation's farm problems, and my responsibilities in seeking solutions, are not concerned merely with excess wheat in bins or other products in warehouses -- but more importantly with people and their problems of making a living.

This legislation is trade-expansive in its concept. It will be business-stimulative in its execution. It will assist us materially in finding solutions to some of the basic problems of American agriculture.

American farmers have a special stake in the continuation and expansion of their foreign trade. Production from one out of every five harvested acres goes into export channels. American farmers are exporting about 15 percent of their production, as compared to 8 percent of our nation's non-agricultural production. Farm product exports in fiscal year 1961 amounted to \$5 billion out of total farm marketings of \$34 billion.

For producers of some commodities, the importance of exports is especially great.

Rice producers depend upon export markets for well over one-half of their crop.

Wheat farmers depend upon export markets for half of their production.

For cotton, soybeans and tallow, exports provide 40 percent of the market.

For tobacco, the dependence is almost as great -- 30 percent of the crop.

While domestic markets will expand very little more than at a rate resulting from population growth, foreign markets can expand at a far greater rate. Between 1950 and 1960, while domestic consumption was increasing 14 percent, our agricultural exports increased 84 percent.

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We can do even better, as economic development creates new purchasing power all over the world. The legislation now being considered offers for agriculture both an indispensable tool to protect our existing markets abroad and a real opportunity to expand those markets.

This legislation will give American agriculture the support to move ahead further in our market development work now under way. This is a joint program of the Department of Agriculture and U. S. farm and trade groups. Quite a number of these groups have been newly organized for the specific purpose of building markets abroad, and I assure you it is most heartening to see farmers and trade groups pitch in to help do this most worthwhile job.

One of the most outstanding market expansion efforts has been the development of the West German market for our poultry. A few years ago we sold them no poultry. Today they are buying well over 100 million pounds of our poultry annually. Other commodities included in the program represent practically the entire spectrum of those we export.

The potential for expanded foreign trade is large. It is especially apparent in Western Europe -- particularly in the six countries of the Common Market. We have had a taste of what prosperity can do to our export sales to that area, and we would like more of it. During the past five years, our sales of farm products to the Common Market have increased 29 percent.

An important part of these export increases have been the rising shipments of feed grains to the Netherlands and Italy; increased exports of soybeans to the Netherlands, West Germany, Belgium, Luxembourg, and Italy; and a phenomenal increase in exports of poultry meat, primarily to West Germany and the Netherlands.

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Partly because of increases such as these, our agricultural exports have risen to record high levels -- \$5 billion worth last year. Seventy percent of our agricultural exports are being sold for dollars to the more prosperous countries, such as those of the Common Market. Thirty percent are moving to the less prosperous countries under the concessional programs of Food for Peace.

As time goes on, we hope that this 70:30 ratio will change in the direction of more exports for dollars in proportion to exports under concessional programs. With economic development, the "concessional" countries of yesterday are becoming the dollar markets of today and tomorrow.

Increased purchasing power abroad lays the groundwork for increased sales, but it does not guarantee results. Foreign market development must be preceded by access to markets, which in turn is a matter of negotiation. We are sure that there will be general agreement with the determination shown by the President to use the proposed new bargaining authority to obtain from other countries concessions that are not impaired by quotas or other trade throttling regulations. On this point he said, in his special message on trade to the Congress: "But let me emphasize that we mean to see to it that all reductions and concessions are reciprocal -- and that the access we gain is not limited by the use of quotas or other restrictive devices."

As we negotiate for access to expanding world markets, we must bargain from a position of greater flexibility and strength than we have under current legislation. The proposed new legislation will greatly improve our position. It will be of particular benefit in negotiations with the European Common Market.

The United States is a strong supporter of the Common Market but we have assumed that the area will have an international trade outlook that is expansive,

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not restrictive. When a group of countries agree to do more business with one another, there is always the strong possibility that they will do less business with outsiders. We have this concern with the Common Market, especially with regard to certain agricultural products.

The six members of the Common Market are buying over \$1 billion a year of our farm products, close to one-third of our agricultural exports for dollars. Add the other countries that are seeking to join or affiliate -- such as the United Kingdom, Denmark, and some of the Scandinavian countries -- and the group represents close to a \$2 billion market for our farm products.

Our specific trade problem with the Common Market is this. For two-thirds of our exports to the area, coming to around \$700 million a year, the outlook is good. Cotton and soybeans are duty free, and on fruits and vegetables we have been able to negotiate fixed tariffs on which we hope to negotiate future reductions. On these products, we are confident we will share in Western Europe's dynamic expansion.

But for another important group of commodities, coming to some \$400 million a year in value, the future is clouded. This group includes wheat, feed grains, rice, and poultry. On July 1, the area's Common Agricultural Policy will go into effect and these items will become subject to a variable levy system. This means that on these products the Common Market can increase or decrease its import fees as a method of protecting its own producers from outside suppliers.

We also have a problem with another important export commodity, tobacco. Here, a shift of the duty from a specific to an ad valorem basis would make the tariff fall with relatively heavier weight on our high qualities.

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The basic danger in the Common Market's agricultural development is that the variable levy system can be used to bring about excessively high price levels that might stimulate uneconomic production within the Common Market, while restricting imports of economically produced commodities from outside suppliers, such as the United States.

This Administration is giving the highest possible priority to the maintenance of American agriculture's position in the markets of the European Economic Community. We are pressing hard to assure the continued flow of our farm products on terms that are reasonable and fair.

As to our specific program of action in meeting the Common Market access problem, we are approaching it in its two phases, one immediate, the other longer-range:

(1) The immediate need is to keep our agricultural trade flowing until such time as we can engage in longer-term negotiations.

During this earliest phase of the Common Agricultural Policy, while it is in a state of evolution and change, we are bringing influence to bear in the direction of modifying any adverse directions with respect to our trade. We are making every effort to persuade the EEC not to set its variable levies at too high levels.

(2) The second phase is the longer-term negotiation phase. This will be going on in the months, even years, ahead. In this negotiating, we must be able to bargain from a position of strength and flexibility. We will require the enabling features of the Trade Expansion Act of 1962 if we are to be successful.

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The Act has five separate provisions under its tariff-cutting authority which would apply to agriculture. Together, these five provisions would give us an effective kit of bargaining tools to expand our export trade with all nations of the Free World -- not only the Common Market but Canada, Japan, United Kingdom, and others.

Our bargaining power does not depend entirely, or even principally, on concessions we offer on Europe's agricultural exports to us. These countries are mainly industrial. Agricultural items account for only 10 percent of their total exports to the United States. Therefore, they must build their export trade around industrial products.

Europe, as one of the world's great workshops, needs our efficiently-produced, moderately-priced agricultural products to supplement her own higher-priced agricultural products in support of her expanding industry. Europe needs us as one of the markets for her products. We have a strong basis for negotiation.

Our hand will be strengthened if the EEC clearly understands that access to its agricultural markets -- including those protected by variable import levies -- must be a part of any tariff and trade package we may negotiate.

As to special provisions of this Bill to assist producers who might be injured by increased competition resulting from tariff cuts, may I say that I hope we in agriculture won't have any need for this authority.

It should be noted that this Bill will not affect the provisions of Section 22 of the Agricultural Adjustment Act. That authority will continue to be available for use in preventing serious injury to our agricultural programs.

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Furthermore, we have ample evidence that a liberal trade policy helps American farmers to capitalize on their export market potential. Since the Reciprocal Trade Agreements Act of 1934 was put on the books, there has been a marked growth in our farm products sold to other nations for dollars as compared with imports of agricultural commodities that are directly competitive with our own production. During the first five year period after the passage of that Act, agricultural dollar exports exceeded these competitive imports by only one-fifth. For the most recent five year period, the exports exceeded these competitive imports by three-fifths. In dollar terms, the favorable balance grew from \$660 million in the 1935-39 period to \$5,405 million in 1957-61.

Last fiscal year our agricultural exports for dollars amounted to \$3.4 billion, while competitive imports were \$1.8 billion. Let me emphasize that these comparisons exclude exports made under special government assistance programs -- and they also exclude imports of commodities not produced in continental United States, such as coffee, cocoa, tea, bananas, and the like.

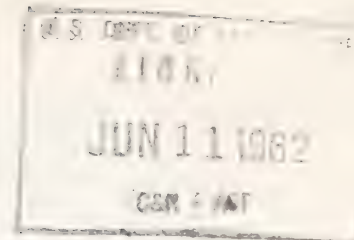
Since farmers have reaped such large net benefits from the Reciprocal Trade Agreements Act of 1934, I am confident that they would benefit in greater measure from the strengthened policy encompassed in the Trade Expansion Act of 1962. I believe the United States agricultural economy will gain immeasurably by effective support of this proposed change in our foreign trade policy.

We in the United States are in a position of world leadership and have no choice but to lead. Agriculture stands ready to share in this leadership. The Bill would provide the opportunity.

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4, 1962
MULTIPLE USE: A CONCEPT FOR PRIVATE LAND

As the Department of Agriculture enters its second century of service to farmers and consumers, most of the Nation's land remains in private ownership.

This morning I would direct my attention to these private lands, largely agricultural and forest, in the modern setting of an urban society. We stand, in a very real sense, on a New Frontier in conservation through applying more broadly the concept of multiple use to private lands. We have the unique opportunity to bring together two problems of great concern to this nation -- an abundance of food and a shortage of recreation -- and to find that in solving one we also can solve the other. It is an old, yet new, principle of conservation.

Let me explain briefly.

We can balance the productivity of our farm land with the ability of this nation to use food and fiber effectively and efficiently by applying more fully our land and water resources in sound conservation programs to meet the growing non-farm demands on land and water made by an increasingly urban and metropolitan nation.

Much attention has been devoted in recent years to the multiple-use concept on public lands. The Department, for example, has long managed the National Forests not only for timber, but also for recreation, wildlife, forage and water.

The Development program for the National Forests which President

Address by Secretary of Agriculture Orville L. Freeman at the White House Conference on Conservation, 10 a.m., May 24, 1962, Washington, D.C.

Kennedy submitted to the Congress last year recognizes increasing public recreation use as well as wise management of other resources on these lands. It is designed to improve fish and wildlife habitat and to expand camping and picnicking facilities fivefold. Trails, swimming places, recreation, and ski slopes would be doubled to serve the 195 million visitors expected annually by 1972.

And now the Agricultural program which the President has proposed to the Congress this year brings together for the first time the concept of balanced agriculture, conservation and the urban needs to use land and water for a multiplicity of purposes.

There have been tremendous advances already in the development of conservation programs on private land and its waters, forests, grass and wildlife.

Soil Conservation districts, created under State laws and managed by local landowners, blanket 92 percent of the Nation's farmland and 96 percent of the farms. Federal cost-sharing is helping at least a million farmers this year to speed the conservation of their lands. Small watershed projects are operating in 373 natural drainage basins covering more than 21 million acres. In another 372 small watersheds, planning for operations is moving ahead. Requests are pending for help in another 924 small watersheds.

Yet, with all the progress, today's great need for conservation is on privately-owned land. Here lies our greatest opportunity to achieve the multiple benefits of conservation for every American now and in the future. Nearly three-fourths of all land in the 48 contiguous States is in private ownership. More than three-fifths of all land in the 50 States is privately owned. Here is the source of our abundance of food and fiber, and 69 percent of our commercial forests. This land, with the National Forests, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.

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Privately-owned land produces 80 percent of the game taken by hunting, and has 85 percent of the wildlife habitat economically feasible of improvement.

Here, near the crowded millions in our cities, is space for outdoor recreation, and the water, fish, game, wild creatures, and woodlands to make outdoor recreation truly meaningful.

Here, in agriculture, are assets of \$211 billion, each year producing food, fiber and other commodities selling for around \$35 billion. Farmland alone is valued at \$109 billion -- a living, renewable resource that feeds, clothes, shelters, and possesses intangible values no man can measure.

Here, important above all else, are the people who own and manage the land, its waters, and related resources. The final decision on conservation is theirs. This is the way of democracy.

Practical and realistic, as well as idealistic in their love of the land, farm people will continue to take into account the economic facts of life in their conservation decisions. An agriculture harassed by substandard levels of income -- with all that implies in terms of priorities of outlay -- is less likely to be willing, or able, to use the land as it should be used.

Agricultural policy and conservation policy for privately-owned land must be compatible. Each must supplement and advance the other. They must merge into programs that increase farm income and level of living, balance supply and demand, and protect and improve natural resources. And these policies and programs must meet the needs of nonfarm as well as farm people.

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Mindful of the Department's very large responsibilities in these broad fields, I have appointed several Departmental committees and task forces within the past year to review Department policies and programs with great care, and to make recommendations.

The Department's Land and Water Policy Committee appraised our present and prospective land and water resource situation, together with our future productive capacity and needs, and analyzed the implications of their findings on Department policies.

A copy of the committee report, "Land and Water Resources -- a Policy Guide," has been put in your hands.

This study was based upon many years of Department of Agriculture research, surveys, program experience, and cooperative work with the land-grant colleges and universities. A very broad cross-section of interests and practical experience entered into the judgment on the potentials of our land and water resources, their use, conservation, and development. This report was reviewed by the participants of a Conference on Land and People called by the Department of Agriculture last January.

The committee report also reflects an inventory of conservation needs made by some 30,000 people in 3,000 counties under the Department's leadership. "Agricultural Land Resources," a summary of the conservation needs inventory, also has been placed in your hands.

I heartily endorse the major findings and recommendations of the Land and Water Policy committee report.

A balanced program of resource development and resource adjustment is presented. Along with changes to bring the land devoted to crop into balance with requirements, consideration is given to the need for conservation,

development, and management programs required to realize continuing maximum benefits from land and water resources.

This report discloses what I call "happy problems." It shows that, as far as renewable natural resources are concerned, we are still a "have nation" rather than a "have-not nation." Our problems, generally, are those of relative abundance instead of scarcity.

I do not minimize the seriousness of resource use and management problems on privately-owned lands, nor the urgency of solving them. The very fact of present plenty could lull us into complacency. That could be fatal.

In the main, our problems are those of adjustments to needs and multiple-use of land for agriculture, water yield, timber, fish and wildlife, and outdoor recreation. Again, happily, the adjustments themselves call for conservation uses or contribute directly to conservation of land and related resources to the benefit of people on and off the land.

A common solution of farm problems and those of an urban people seeking space for living and outdoor recreation can be found in conservation principles and multiple-use of private lands.

This is an integral part of the President's program for conservation.
This is an integral part of the President's program for agriculture.

Consider, for example, our cropland situation. Here is clearly a problem of abundance, as well as one of conservation.

American cropland is producing more than we can consume, export for dollars, or use effectively in Food for Peace programs.

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This abundance is the marvel of all history, and a tribute to the American farmer -- the world's most efficient. Today he feeds and clothes and provides other farm products for 27 people.

Even in 1980, if agricultural technology and farm efficiency continue to advance as in the past decade, we can meet all needs for crop products with 50 million fewer acres than we presently have available for cropping.

In drawing this conclusion, the Department assumed that we will need to feed, clothe, and provide other farm products for 261 million Americans in 1980 -- an increase of about 45 percent over 1960. We anticipate that in 1980 total disposable personal income will be 125 percent higher than in 1960, and that per capita disposable personal income will be 55 percent higher. Under an expanded Food for Peace Program, the goal for exports in 1980 is estimated at 30 to 35 percent over 1960.

Not one of these extra 50 million acres of cropland need be idled in 1980. Idleness is not, and must never become, a part either of conservation policy or of agricultural policy. Land and its renewable resources are for use -- for use by people. We guard, we conserve, we renew, and we develop resources. But we also use them.

Every extra acre of cropland can be put to productive, economic use -- for pasture and range, for timber, for fish and game and other wild creatures, for water conservation and supply, and for outdoor recreation.

Borrowing from its long experience in multiple-use of renewable resources in the National Forests and its work of the past quarter century in soil conservation districts, small watersheds, and with farmer committees, the Department of Agriculture is helping and is prepared to further help private landowners apply the same principles of multiple-use to their acres -- whatever

the primary use may be. We count heavily on cooperative effort with the land-grant institutions, State conservation agencies, other Federal departments, and local units of government.

Although we remain a "have nation," the American people cannot afford any longer to use land for a single purpose if that purpose can be achieved in combination with other uses of the same land. Urban expansion, superhighways, new airports, transmission lines for electrical power, pipe lines for oil and natural gas, and construction of dams and reservoirs require millions of acres of agricultural land.

Crop production, quality forage for cattle, and suitable habitat for game animals and birds occur on the same farms. Farm ponds stocked with fish and game foods and shrubs planted along fence rows also result in a greater number and variety of uses. Timber, water wildlife habitat, upland game, forage, crops, and recreation can be joint products of the same farms, ranches, or forest lands.

Multiple-use of privately-owned land, as well as public land, can unlock the great outdoors to millions of Americans. Outdoor recreation is one of the great unmet needs of the nation today. Already, as the Outdoor Recreation Resources Review Commission reported, Americans are seeking the outdoors as never before. By the year 2000 the demand for recreation should triple.

The Department was host in the National Forests to 102 million recreation visits in 1961 -- an increase of 340 percent in the last 10 years. We expect the National Forests to have 300 million recreation visits by 1980 and about 635 million by the beginning of the next century.

Publicly provided recreation facilities -- which will continue to grow in number and importance -- cannot keep up with the booming demand for outdoor recreation. But with expansion of recreational opportunities on privately-owned land -- the farms, ranches, and woodlands that make up nearly three-fourths of our land area -- the demand can be met.

Where people for years have been leaving the farm, they are now returning in ever-increasing numbers to the land -- not to farm but to find pleasures in the open country. They usually need to go only a few miles from the concrete, asphalt, and steel of the cities to find outdoor recreation and relaxation.

We know many farmers and ranchers already are providing outdoor recreation as a means of increasing their incomes. We have hundreds of examples -- vacation farms, picnicking and sports centers, fishing waters, camping and nature recreation areas, hunting areas, hunting preserves, and so on.

A small farm in the Northeast nets about \$3,000 a year from summer guests who live in nearby large cities.

A modest, family-owned, working dude ranch of 1,200 acres high in the mountains of the Southwest can house the family and about 30 guests at one time. Many of the guests return summer after summer. Rates are \$15 a day for room and board and \$3.50 a day for horses. Some guests return for the fall hunting season.

The owner and operator of a dairy farm near a midwestern city, who opened a four-acre public picnic area around a pond a few years ago, now has a thriving business in a 25-acre recreation park that includes a club house. The 70-cow dairy is still operated with the help of a son and two hired men.

A new recreation industry has been built around 24 floodwater retention lakes in the pilot project on Six Mile Creek Watershed in Arkansas. The landowners of seven of these lakes charge fees of 50¢ to \$1 per person per day for fishing, and together have added about \$7,000 to their gross income. Another reservoir owner leases the reservoir to the employees of a private company for fishing, picnicking, camping, swimming, and boating. Business has picked up in nearby towns. Fishing expenses for bait and supplies total more than \$100,000 a year. In addition, about 500 boats, 100 trailers, and 100 outboard motors have been sold.

Between 200 and 250 people hunt annually for quail on 12,000 acres of a southern state farm and woodland. The owner leases quail shooting rights to urban midwesterners, and estimates last year's gross income at \$25,000. He buys and raises quail for release, and manages the land to provide food and cover for them.

A Georgia farmer built two small ponds on his 428-acre dairy farm. He stocked the ponds with fish, operates a small concession stand, and has a barbecue each weekend during the summer months. He reports he earns \$3,000 to \$3,600 a season from this enterprise.

These and other examples demonstrate the big market private landowners have for outdoor recreation. The simpler outdoor activities are the most sought after -- hiking, picnicking, swimming, and fishing. These are the kinds of outdoor recreation easiest to provide for on farmland.

A new and exciting part of our total agricultural program is to help private owners combine new uses for their land, including outdoor recreation. Challenging opportunities would be opened for farm and city people to work together for common objectives. These proposals are spelled

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out in the Food and Agriculture Act of 1962 now pending in Congress.

I am gratified by the active interest of many conservationists, farm and city, throughout the country, in these proposals for multiple-use and conservation. I see increasing evidence of realization that with solutions to problems of over-production and super-abundance we can at the same time work out solutions to many economic and social problems unique to an urban society.

I have announced the Department's readiness to start a series of pilot projects in cooperation with local people.

Three major approaches will be used. One of them is aimed directly at determining fully the opportunities for development of additional recreational opportunities on privately owned land. The other two will have indirect recreational values.

As one program, we propose to select some small watersheds for pilot multi-purpose recreational development at the option of local authorities.

I strongly believe that one of our greatest opportunities to provide more of the water-based outdoor recreation so much in demand by Americans is in the small watershed projects. In the 372 operating projects, some 2,500 structures are included for flood water impoundment and other purposes. Yet, only about 30 of these impoundments specifically provide water storage for fish and wildlife.

During the next three years, the Department would develop with the sponsoring local authorities in up to 50 small watersheds a full and detailed plan and action program for such improvements as enlarging reservoirs, acquiring land, planting trees, building sanitation facilities and such facilities as boat docks. The Department also proposes to make loans to farmers in the

area to develop income-producing recreational projects. Local people or their organizations would hold title to any lands so acquired.

The Department also proposes to develop a few pilot Town and Country recreation programs which will tie together the urban need for open air recreation with resources available in nearby farming areas. A few metropolitan areas would be selected where a unit of government -- perhaps a suburb -- would be willing to cooperate with an association of farmers -- such as a soil and water conservation district -- in an outdoor recreation program. Here could be developed camping and picnicking facilities, riding and hiking trails, and other projects to improve and protect the scenic attractions of rural areas.

Another recreation demonstration which the Department proposes would be a few cooperative projects between farmers and groups of local sportsmen.

Under an agreement worked out by farmers and sportsmen, farmers would allow access to all or specified parts of their lands by hunters and fishermen. The sportsmen, in return, would agree to pay a fee to each farmer as determined by the recreational value of his land. The Department could share with the farmers the cost of improving wildlife habitat.

The Department also is prepared to start a few grassland demonstration projects and a few family forest pilot projects. The grassland projects would, we believe, point the way toward the eventual shifting of about 36 million acres to grass. The family forest projects would be a pilot operation which prove methods and techniques that would speed the conversion of some 19 million acres of cropland to trees and profitable family forests.

The third major approach would be rural renewal pilot projects. In scope, this program would require a massive and detailed effort designed to

increase the potential for outside investment while encouraging the flow of local individual enterprise. These demonstrations would be undertaken in cooperation with State-chartered local rural renewal corporations empowered to borrow money, receive grants, buy and sell property, and to develop area plans in cooperation with Federal, State, and local agencies.

All these demonstrations are in keeping with the findings of the Department's Land and Water Policy Committee. They would seek ways to carry out objectives of long-range adjustment and conservation of renewable natural resources of the three-fourths of our land area that is privately owned.

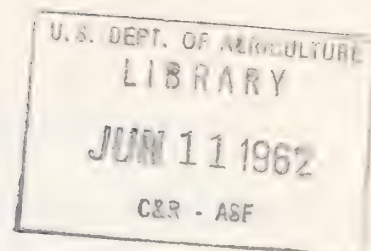
These projects would supplement the long-established resource conservation programs of the Department for privately-owned land, and for the National Forests and Grasslands. The Department will continue, in these projects as in other resource conservation, to work actively with all Federal, State, and local agencies. We will enlist the help of farmer-elected committees. We will build upon the soundly conceived and technically aided experiences of the Nation's 2,900 soil conservation districts, upon proven methods of sharing conservation costs and providing credit help, upon demonstrated methods of education in cooperation with the land-grant institutions, and upon multiple-use experience in the National Forests. Research will seek out improved methods and test them.

We believe we are embarked on programs to cope with the revolutionary forces of science and technology in rural America -- programs that also will meet the changing needs of all Americans in an expanding national economy.

The goals are as important as food, raiment, shelter, pure water, fresh air, green spaces, and the eternal eloquence of nature and her wild creatures.

We are fortunate to have the resources, the technology, the experience, the foresight, and the will to achieve these goals.

AGRICULTURE NEEDS THE TRADE EXPANSION ACT



Louisville has been interested in agricultural export trade for a long time -- 175 years, to be exact. It was from Louisville, in 1787, that General James Wilkinson sent the first shipment of Kentucky farm products down the river to New Orleans for eventual export to Europe. Within a few years a substantial volume of both tobacco and flour was being exported from Kentucky to England.

I wonder what General Wilkinson would think if he could come back to Louisville today.

He would be impressed, I am sure, by the high standard of living as compared with frontier times. He probably would be overwhelmed by the automobile traffic. He certainly would marvel at our ability to send the voice of a man around the world in seconds -- and the man himself around in less than two hours.

I am sure that the General -- with his interest in export markets -- would be happy to find the United States pursuing a liberal trade policy. In 1934 we moved away from the restrictionism of the Hawley-Smoot tariff system and adopted a liberal program based on reciprocal trade agreements. Under the Reciprocal Trade Agreements Act of 1934, there was a marked increase in agricultural and industrial exports. But time has moved on and new conditions call for new approaches. President Kennedy's Trade Expansion Act of 1962 is tailored to modern needs.

Address by Secretary of Agriculture Orville L. Freeman before the Governor's Conference on World Trade, Kentucky Hotel, Louisville, Ky., 6:30 P.M. EST, May 31, 1962.

I want to discuss the Trade Expansion Act in more detail later. First, however, I would like to explore briefly with you some of the elements of the foreign economic policy of the United States. That policy has many facets. Trade is one of them, and the most important. But economic development also occupies a prominent place. Trade and development complement each other like ham and eggs. To take full advantage of the relationship between trade and development, we need the vigor, the flexibility, the modernity, if you will, of the Trade Expansion Act.

Let's look at trade -- at its fundamentals.

Trade gives us such tropical foods as coffee, tea, cocoa, spices, bananas, and the like. It gives us newsprint. It gives us rubber, chrome, tungsten, nickel, bauxite, and many other materials we must import. It gives us Scotch whiskey, if I may mention that in Louisville; French champagne and perfume; Irish lace; Italian racing cars; South African diamonds. The list is long.

Trade provides outlets for our machinery, transportation equipment, chemicals, and other industrial items. Trade gives us foreign markets for our tobacco, cotton, wheat, feed grains, soybeans, fruits, vegetables, hides, tallow, and many other farm products. Last year we exported a record \$5 billion worth of commodities and shipments this year are expected to be about as large. Crops harvested from one acre out of every six are moving into export channels.

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A liberal trade policy has helped to make this big export volume possible. And when I say "liberal," I am not talking about political coloration. I use the word in its economic sense. Liberal trade refers to the relatively unhampered flow of exports and imports. A liberal trade policy seeks to bring about joint action by many nations to carry out trade in ways that benefit all participants.

Liberal trade gives each country a chance to produce and sell in the world market the items it produces most efficiently. We sell machinery to Brazil -- and buy her coffee. We sell cotton to West Germany and buy her cameras and automobiles. And so it goes. Each country gains when comparative economic advantage can function freely.

Now let's look at economic development and its relation to trade.

Some people argue that we hurt trade when we promote economic development, that development brings economic self-sufficiency which reduces a country's need to import commodities. It hasn't worked out that way in practice. Economic growth almost without exception has meant a step-up in the tempo of trade.

We have seen the way Marshall Plan aid helped to put Western Europe back on its feet at the end of World War II. Today Western Europe is our biggest customer. The same thing happened in Japan. After large-scale U. S. aid to Japan that nation became a big buyer of U. S. commodities, both industrial and agricultural.

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Since the end of World War II, economic aid of the United States to all countries has amounted to \$61.6 billion. That's a big figure, you say -- and so it is. But remember that the value of U. S. commodity exports from 1946 to date has amounted to \$244 billion -- about four times the amount of the aid outlay. And we can't measure the benefits of economic aid purely in terms of trade. Our economic assistance has strengthened the entire Free World, and that's a key feature of our overall foreign policy.

Economic aid programs are moving forward in Latin America, Africa, and Asia. Much of the development taking place is being made possible through substantial U. S. contributions of cash, services, including technical assistance, and commodities, particularly agricultural commodities. Total economic aid in the fiscal year 1961 amounted to \$4.6 billion.

Farm product shipments, part of the overall assistance effort, move under the Food for Peace Program. This Program, made up largely of activities authorized by Public Law 480, has been a channel through which \$10 billion worth of U. S. food has been sent to underdeveloped countries in recent years. Several different types of programs are carried on -- sales for foreign currencies, barter, credit sales for dollars, and outright donations.

Food for Peace is helping to promote development -- and, eventually, trade -- in two ways:

First, U. S. food helps to control food price inflation in recipient countries. When inflation is controlled, the developing countries need to spend less of their money for wages and can therefore use their scarce funds for increased purchases of machinery and other materials needed for growth projects. Some countries, as a matter of fact, are using U. S. food as partial payment of wages on development projects.

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Second, some of the foreign currencies received by the United States from underdeveloped countries are being loaned or granted back to them to assist them with their growth projects. The currencies are being used for such projects as irrigation, reclamation, and reforestation; for railroads, highways, and bridges; for electric power generating facilities; for hospitals, clinics, and schools.

Food for Peace also is helping to combat hunger. That is its primary purpose. Even if there were no other benefits involved, we would send our food to hungry people. To me, it is a moral imperative that we make maximum effective use of our God-given abundance in fighting hunger. In a very real sense there is no surplus as long as food can be sent to those who do not have enough to eat.

In this connection I would like to make a few comments about the Hong Kong refugee situation.

As President Kennedy has pointed out, the Chinese Communists have not indicated that they would welcome any offer of food from the United States. Although they admit that they have had agricultural reverses in recent years, they have not admitted that they have a famine on their hands. They say, as a matter of fact, that reports of famine are U. S. propaganda carried on for ulterior motives. If people's lives are involved, and if there is a desire for food -- which would be indicated by a request from the Peking regime -- that need would be considered carefully. Part of the decision would hinge on whether distribution could be safeguarded to assure that hungry people receive the food.

The Chinese Communists have been shipping their own food to Cuba, Albania, and certain countries of Africa, probably for political reasons. This is incomprehensible to me. It just doesn't make sense for a country to ship food when its own people are hungry.

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Almost \$27 million worth of U. S. farm products have been sent to Hong Kong in recent years, primarily for use of refugees. Last year both food and fiber were involved in the Hong Kong program. Hundreds of tons of rice were distributed by voluntary agencies to refugees. And raw cotton was manufactured into cotton-stuffed quilts, which were distributed free to the destitute people who sleep on Hong Kong's streets.

I want to get back now to the Trade Expansion Act of 1962. I want to show you how this legislation would promote liberal trade and help us to carry on our assistance and economic development programs.

The Trade Expansion Act would provide general authority to reduce existing tariffs by 50 percent.

It would provide special authority for negotiations with the Common Market to reduce still further or eliminate altogether tariffs on those categories of products for which the United States and the Common Market together account for 80 percent of world trade.

It would provide authority for tariff reductions by categories as contrasted with the cumbersome "item-by-item" approach authorized by existing legislation. This is a "must" if we are to negotiate effectively with the Common Market.

It would permit transfer of items to the free list where existing rates are 5 percent or less.

It would permit elimination of duties on tropical products not produced in significant quantities in the United States, provided the Common Market would take paralled action. This would help countries of Latin America, Africa, and Asia.

Reductions would be spread over a 5-year period. To assist firms or workers who find it difficult to adjust to increased imports in the United States, the Act would establish a trade adjustment assistance program.

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What will these specific provisions mean?

We will import more. That will increase our standard of living. It will help us stretch our dollars further and combat inflation.

We will export more. By exporting more than we import, we will step up our own economic growth and provide new market outlets and new jobs. This increased business will boost investment at home and minimize the need for U. S. industries to build plants in Western Europe and elsewhere outside the country.

We will improve our balance of payments position. Trade expansion, by increasing our exports, will enable us to slow down the outflow of dollars without imposing new restrictions or reneging on our pledges. Improvement in the balance of payments position is tied closely to our economic aid programs which, as I have pointed out, affect trade very closely.

We will help the underdeveloped countries help themselves. By encouraging the reduction of import duties on tropical and forestry products of the newly developing countries, we are increasing their earning power.

This is indeed legislation of great breadth and vision. President Kennedy summed it up recently when he said that this is "the most important piece of legislation before the country this year." On it, the President says, hinges the decision as to "whether we are to trade or fade."

We stand at a crossroad today. Are we going to move in the direction of international trade? Or are we going to listen to some of the voices of protectionism that have been raised? The European Common Market situation may help us make a decision.

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The Common Market is here to stay. It is an economic power in the Free World. It is a major reason for seeking new trade legislation. This great trading area takes in six countries -- France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg -- which are tearing down trade walls that have stood for many centuries. By 1970 or before, these countries intend to have goods, capital, services, and workers moving as freely from one nation to another as they do among the 50 States of the United States.

The Common Market has a population of about 170 million people, and would have more than 220 million should the United Kingdom become a member. The Common Market has a tremendous demand for goods from outside countries. In 1960 the United States alone exported \$3.4 billion worth of goods to the Common Market, of which \$1.1 billion was agricultural. Had the United Kingdom been a member, our exports would have been about \$4.8 billion, of which over \$1.6 billion would have been agricultural products. We obviously have a great stake in maintaining and, if possible, expanding exports to that area.

The Common Market is a fine thing for the Free World. The United States, since the end of World War II, has supported the principle of political and economic unity in Western Europe. The Common Market shows that the American objective is being reached.

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American support, however, has been conditioned on the assumption that the trade outlook of the Common Market will be trade expansive and not trade restrictive. Our biggest concern today revolves around Common Market policies for agricultural products. The potential for doing business is increasing markedly for some U. S. farm products. For others, however, Common Market policies strongly favor internal suppliers over outside suppliers, including the United States.

We have obtained some important concessions from the Common Market on several farm products. They include cotton -- our single most important export to the area -- soybeans, tallow, hides and skins, and certain fruits and vegetables, to mention a few. For most of these commodities, which account for about 70 percent of our agricultural exports trade to the Common Market, we can expect our exports to expand in the years ahead.

For the remaining 30 percent of our agricultural shipments to the area, the outlook is less favorable. Our immediate concern is maintaining markets for wheat, corn, sorghum grain, rice, and poultry. On these we must deal with a system of variable import levies. These levies, which are being used instead of fixed tariffs, are designed to offset the difference between world prices of commodities and desired price objectives of the Common Market. This system can be used to promote a policy of self-sufficiency. The way has been kept open for continuing negotiations. The Common Market recognizes full well that in these negotiations, we will be seeking access for these products under reasonable conditions.

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As far as tobacco is concerned, we are not too happy with the results of the negotiations concluded a few months ago with the Common Market countries. The revised tariff schedule calls for an eventual external duty of 28 percent ad valorem, with a minimum of 13.2 cents and a maximum of 17.2 cents per pound. This is much better than the flat 30 percent rate originally proposed. But a spread of 4 cents remains in the schedule. Consequently, the tariff would fall heavier on the relatively better quality U. S. leaf as against lower qualities from competing areas.

We must have an opportunity to negotiate further and the Common Market countries have indicated a willingness to negotiate. Tobacco is high on the list of commodities to be considered in the next round of negotiations.

The Trade Expansion Act of 1962 is essential to the success of future negotiations, because we have gone just about as far as we can go with the machinery provided by the Reciprocal Trade Agreements Act of 1934. The new legislation would give us the "tool" we need to trade concessions on industrial products for concessions on agricultural products. You may be sure that any "swap" of concessions will include assurances that reasonable terms of access will be provided for agricultural products.

In other ways, the Department is taking steps to strengthen dealings with the Common Market. I am appointing an Assistant Secretary for Foreign Agriculture, whose principal responsibility will be to give leadership in the Common Market trade policy area. The Department is establishing a new agricultural attache post in Brussels, Belgium, the Common Market "capital." The Department has sent a special mission to the Common Market to study its agricultural policies and their effects on U. S. agriculture on a short-term and long-term basis. And, of course, the Department will continue such "regular" diplomatic contacts as direct negotiations with Common Market officials, and meetings carried on in connection with the General Agreement on Tariffs and Trade.

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Speed is of the essence right now. The big problem is keeping trade moving until we can engage in longer-time negotiations. If protectionist patterns become "set," we are in a real fix. But if decisions can be deferred, we have a chance of negotiating from the position of strength and flexibility that would be provided by the Trade Expansion Act of 1962.

One thing is certain -- the pressures on the Common Market to adopt protectionist measures and to use them to excess will be great. To counter such pressures, we need to create what I like to think of as an "Atlantic bridge of ideas." This would be, in effect, a means of exchanging sensible workable concepts of trade and commerce between the Common Market and the United States.

The exchange should emphasize, I think, the idea that liberal trade across the board is good -- that what is good for industrial items is also good for agricultural commodities. The exchange could help to bring home to the peoples of the Common Market and the United States that trade must move on a two-way street. The exchange, furthermore, could make it clear that we are willing to buy more goods from Europe -- that, of course, is implicit in the Trade Expansion Act -- but that we also expect Europe to buy more goods from us.

Private citizens and private groups can help to promote this exchange of ideas. There is a strong mutuality of interest between many groups in the United States and the Common Market. U. S. exporters and Common Market importers, for example, have a mutual interest in expanded trade. American seaports have sister seaports in Europe, labor groups, cooperatives, financial interests, and news disseminating services all have counterparts in Europe. Communication between these groups will reinforce negotiations between this country and the Common Market.

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But let's not forget one thing as we erect our "Atlantic bridge of ideas." The Common Market has no monopoly on protectionism. We have some of it right here in the United States. Protectionist forces would give us an inward-looking rather than outward-looking point of view on foreign trade. They would turn the economic clock of this country backward many years.

Those of us who are convinced that liberal trade, not economic isolationism, is the correct path, must create "American bridges of ideas" to our own people. That means calling attention to fallacies advanced by those who, misled by their own interests, fail to see the real interests of the country. They would return to outmoded and discredited trade policies, which would hurt America and in the not so very long run, hurt them too.

Yes, we have many problems in these troubled times. But we also have many wonderful opportunities. The United States, in the area of foreign trade, has almost unequalled opportunities. We can produce industrial goods and agricultural commodities efficiently. We can compete, with most of our products, not only on the basis of price but also of quality. And once we gain access to markets, we know how to sell.

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The special problems that afflict agriculture cannot be loaded on ships and exported. They require other solutions. By and large, these solutions call for managing our abundance more efficiently. This involves expanding use -- especially expanded exports; adjusting supplies to demand; using our land wisely; and up-grading economic opportunity for rural people. All of these objectives won't be reached in a day. But a start has been made.

A major step toward the solution of these problems will be the passage of the Administration's Farm Bill. As you know, this bill has been passed by the Senate, recommended by the House Agriculture Committee, and will come up for final action in the House very soon. The enactment of this legislation will apply to the major problems in agriculture -- wheat and feed grains -- the common-sense principles of balanced production that you in Kentucky know have worked so well in the case of tobacco. It will strengthen farm income, will reduce government costs, and will help us materially to solve all the complicated and difficult problems inherent in storing billions of dollars worth of surplus grains.

With the passage of these two bills, the farm bill and the trade expansion bill, both agriculture and trade will improve with these legislative tools. American agriculture will continue to be, as in the past, a tremendous force for good -- both at home and abroad.

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Resumé

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June 28, 1962

TESTIMONY

of

The Secretary of Agriculture, Orville L. Freeman
before

Permanent Subcommittee on Investigations
of the Senate Committee on Government Operations

Thursday June 28, 1962

I welcome this opportunity to appear before this Committee, to assist you to fulfill your function in every way that I can. After making this statement, I shall be glad to respond to any questions you may have.

I would emphasize, at the beginning, my confidence and pride in the Department of Agriculture. I have served as its chief executive officer for just under a year and a half, and I have been impressed with the industry, ability, integrity and dedication of the overwhelming number of USDA employees. With a complement of nearly 100,000 regular employees and more than 90,000 farmer-elected committeemen, there may be some who fail to live up to the highest standards of public service. If and when that happens, appropriate corrective action has been and will be taken promptly, with due recognition of both the rights of the individual employee and the right of the public to honest and efficient service.

I have always regarded ethics and integrity in government as of utmost importance, and I have consistently maintained that standards of integrity in Government service must be held at the highest level -- even though that level might not be generally achieved in private affairs. The President's memorandum of February 14, 1962, on conflict of interest and ethical standards of conduct, highlights the Administration's efforts to achieve this goal. In our investigation of the case under consideration today I have been concerned not only to get at the root of all the facts but also to consider steps that might be taken to raise the standards of ability and integrity in the public service. And I know that you are likewise giving this serious consideration in this Committee.

Constructive consideration of this important question involves both appropriate action in case of any wrongdoing and the establishment of conditions under which wrongdoing is not likely to occur. However, no constructive purpose is served by using one episode, such as the Estes case, as a weapon with which to indiscriminately attack programs to help the farmers of this Nation, or to cast reflections and aspersions upon the millions of farmers who benefit from these programs. Yet the role of the American farmer and the complexities of farm programs are so little recognized and understood that the misdeeds of one man in connection with such programs have inspired cartoons and stories that ridicule and belittle the farmer, and have set off demands for the destruction of farm programs. This is no more justifiable than it would be to condemn all bankers and demand the destruction of our banking system whenever a banker is guilty of embezzlement, or to condemn all leaders of industry whenever one or two of them are sent to prison for violation of the law.

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I know that this Committee shares my concern about any such abuses of this investigation, and that its activities are primarily directed to the two constructive purposes to which I have just referred: (1) the discovery of any wrongdoing; and (2) any appropriate legislative action to minimize the likelihood of wrongdoing in the future. I am prepared to cooperate with you to the utmost extent of my ability, first, by presenting this statement of the USDA relationship with the Estes affair, and, second, by inviting you to ask any questions you find necessary for information to supplement or clarify that relationship. The statement that I present to you today is a summary of the facts that I have been able to put together since the complications and confusion with regard to the Estes matter were first called to my attention late in March 1962.

When I took office 17 months ago, declining farm income, mounting costs to the Government of handling surplus stocks, growing public misunderstanding of and resentment toward the American farmer, and an increasingly damaging feeling of hopelessness about the farm problem -- all these demanded a new, comprehensive, sound farm policy as a responsibility of highest priority.

Although we have not yet succeeded in establishing a comprehensive new farm program, I believe there has been real progress. I am happy to note that the American public has become a little more appreciative of the contribution of the American farmer, the downward trend of farm income has been reversed, and Government surplus stocks have been reduced for the first time in nearly a decade.

As we concentrated our efforts on legislation to achieve a program for agriculture in the '60's, we were also mobilizing available resources within the Department to institute changes directed toward increased efficiency and economy in administration and toward making maximum constructive use of the great reservoir of talent and ability that exists in Department personnel.

The Department of Agriculture is a huge and complex establishment. It was described by the Hoover Commission as "a loose confederation of independent bureaus and agencies." It carries out operations in all of the 50 states, in over 3000 counties, in all the major metropolitan areas and in 55 foreign countries. Through 16 separate agencies it carries out functions ranging from inspection, grading and even free distribution of food, the conservation of soil and the protection of our forests, to regulation of the commodity market and the operation of price support programs. I found great gaps in contacts and communications between many major agencies of the Department and the Secretary's Office. I found weaknesses in administration that may have arisen in part because of the many separate functions that had been added piecemeal to the Department's responsibilities in different items of legislation over the period of a century, and in part because of lack of real concern for the administration of farm programs on the part of those in the previous Administration who sought to minimize or eliminate such programs.

As an illustration of the nature of the administrative actions taken within the USDA to tighten up management and increase efficiency I would cite the following:

1. An Office of Management Appraisal and Systems Development, established last December, to provide leadership and coordination for planning and developing automatic data processing and to improve other management policies, programs and systems.
2. The establishment of a data processing center in Kansas City to handle all of the accounting and reporting for the grain price support loan and purchase agreement activity.
3. Departmental Reorganization to coordinate economic research and statistical reporting.
4. Centralized payroll operations.
5. Directive to require analysis and presentation of budget requests in toto, thus requiring a justification "from zero" of all operations rather than just for new and additional operations.
6. Steps to coordinate and consolidate field office activities.
7. Steps to coordinate, strengthen, and tighten up bonding policies and procedures, including:
 - a. Review of all bonds of over \$200,000 for grain warehouses, and \$100,000 or more for cotton warehouses.
 - b. Review of all new or renewal bonds before approval.
 - c. Assignment of a CPA to the U. S. Warehouse Act Branch to review financial data regarding new and renewal bonds.
8. Steps to strengthen the supervision of local committee and other field operations to insure faithful performance of duty and to make for greater efficiency in the administration of farm programs. These include:
 - a. Directives to insure that any case involving irregularities be brought immediately to the attention of the Administrator of the Agricultural Stabilization and Conservation Service; and to require that disciplinary action taken by ASCS State Offices respecting county employees, including committeemen, be reviewed for adequacy in the Washington office.
 - b. Review, by the Washington Office, of all acreage allotment transfers under eminent domain pooling provisions.

9. Creation of a sub-committee under the NAAC, staffed by outside experts to study the whole problem relating to the responsibilities of farmer elected local and county committees and of appointed State committees and State offices in the administration of farm programs, and to recommend policies that recognize both the importance of local control and participation and the necessity for the highest standards of efficiency, economy and integrity in carrying out accepted programs.
10. Establishment of an Office of Audit and Investigation, headed by an Inspector General, to report directly to the Secretary and charged with responsibility for maintaining the highest standards of performance in all internal audit and investigation activities within the various agencies that make up the Department of Agriculture.

This includes review, appraisal and policy direction of independent internal audit operations in 10 major agencies now carried out by some 700 people. These activities are, and will continue to be, essential to insure that the heads of these respective agencies can carry out their responsibilities effectively. However, the growing complexities and increased responsibilities that are imposed upon the Department of Agriculture are such that this new office has been created to insure that the highest possible standards are maintained at all times.

I will state quite frankly that our study and investigation of the Estes case has revealed some errors and shortcomings for which I, as Secretary of Agriculture, must assume responsibility. The last four of the items just reviewed have been instituted since the Estes case came to my attention. However, the creation of the Office of Inspector General had been under study for some time, as one of 480 projects identified for study by special self-survey task forces that I set up within the Department to study ways of improving administration and service. Approximately 60 such projects have been completed to date, with substantial savings in the cost of administration.

I would like to point out that all of those administrative steps reflect a new emphasis on strengthened operation of farm programs, an emphasis that is an essential part of the philosophy of an Administration that believes in the importance of farm programs and in local participation in the operation of such programs.

Steps being taken now, and planned for the future, will insure faithful and effective operation of the new agricultural policies, in the interests of both the farmers and the public.

As for the specific relationship of these administrative improvements to the situation you are investigating, I believe I can state that the strengthened supervision of local committee operations that we have now instituted would have made it easier for us here in Washington to find out in detail just what had happened and was happening. It might have expedited definitive action on cancellation of Estes' cotton allotments, although, as you will see, the timing of this action in no way either strengthened Estes or weakened the position of the USDA with regard to penalties to which it is entitled.

We are, as you know, cooperating fully with you in your investigation. As of this date, evidence known to us shows: that no official or employee now in the employ of the Department is known or reasonably believed to have improperly accepted gifts or other favors from Estes; that Estes received no special benefits as a result of favored treatment from the Department; and that the Government of the United States has lost no money through its business with Estes.

I shall now present a summary of relevant facts on the Estes matter; first, with regard to grain storage; second, with regard to the transfer of cotton allotments; third, with regard to membership on the National Cotton Advisory Committee, and fourth, with respect to each of the individuals who have been disciplined by the Department in regard to any aspect of the Estes case.

GRAIN STORAGE

In the overall investigation of Billie Sol Estes, and of the complicated dealings by which he was able to build up what seemed to be a vast fortune and involve scores of neighboring farmers as well as nationally known finance companies and business institutions in his operations, the public wants to know whether and to what extent Estes made use of Government programs to serve his purposes. In seeking the answer to this question it is in connection with the storage of grain that the relationship between Estes and the U. S. Government is of greatest significance. Estes had dealings with the U. S. Department of Agriculture in two capacities -- as a cotton farmer concerned with allotments, and as a warehouseman and grain storage contractor. It was in the latter capacity that these relationships were of major importance to him in securing millions of dollars of credit from the company with which he dealt in trying to monopolize the sale of fertilizer.

The grain storage program of the Commodity Credit Corporation is of great magnitude. It involves billions of dollars, and will continue to be a major problem until we can achieve a sensible farm program. The Department is now obligated to spend more than \$700 million a year to store grain that accumulated during years of price support without effective limits on production. During my first week as Secretary of Agriculture I received a letter from Congressman Fountain outlining important farm problems, in which he wrote:

"Perhaps the most urgent problem facing the Department of Agriculture at the present time is the prospect of a serious shortage of grain space later this year, particularly in the corn belt." His letter further discusses the need for farm programs to cut down surpluses and problems that would arise particularly in some areas as a result of over-expansion of storage space.

Government policy, expressed in the CCC Charter and undergirded by many other expressions of Congress throughout the years, is "to utilize the usual and customary channels, facilities and arrangements of trade and commerce in the warehousing of commodities" to the maximum extent practicable. In the light of this policy, and in view of the farm programs of the 1950's, that resulted in constantly increasing stockpiles, Estes and many others rapidly increased their storage capacities. Obviously they all did this in anticipation of profits to be gained from the storage of grain. The question is, therefore, not whether Estes made any profit from this operation, but whether he received any preferential treatment in the matter of storage and whether the Government lost any money on grain stored in Estes' warehouse. The answer to both of these questions is "No".

I think it is important to clarify the relationship between the Government and grain storage contractors, to describe briefly the process by which grain is acquired by the Government under price support programs. Two points must be emphasized:

First, that a Uniform Grain Storage Contract between the Government and a warehouseman neither assures nor implies that Government grain will actually be stored in his facility. It is not a contract to store grain there. It merely sets forth the storage rates and other conditions that will apply if the Government finds it necessary either to use the facility or to take over grain already put there by farmers under the price support system. Second, it is important to emphasize that farmers, not the Government, place the grain in these facilities in the first place. Farmers make the choice as to which facility to use among the more than 10,000 now operating under Uniform Grain Storage contracts. Grain storage has thus become a highly competitive business, and many operators offer special inducements to farmers to store grain in their warehouses. Estes was an exceptionally aggressive competitor in this respect.

Under the price support program, Government grain is acquired in this way:

The Commodity Credit Corporation makes loans to farmers on grain which may be stored by the farmer either in an approved warehouse or on the farm. In the case of a warehouse loan, the farmer at harvest time places his grain in a commercial grain warehouse of his own choice, obtains a warehouse receipt, and uses this receipt as collateral for his price-support loan. CCC requires only that grain used as price-support collateral be stored in a warehouse approved under the Uniform Grain Storage Agreement. At the maturity date of the loan the farmer may elect to redeem the loan and keep the grain, or permit CCC to acquire it.

If the farmer who keeps his grain under loan on his own farm does not elect to redeem the loan and keep the grain, he is permitted to deliver it to the commercial warehouse of his own choice. No control is exercised by CCC over where a farmer chooses to deliver grain, provided it is a warehouse approved under the Uniform Grain Storage Agreement. Thus, irrespective of the type of loan, the farmer, not CCC, determines the warehouse in which the grain is stored.

The only situation in which the Government makes a decision as to the use of one storage facility or another arises in the necessary process of "reconcentration."

Insofar as possible grain taken over by CCC is left in the warehouse at the point of production unless there is an immediate outlet for it. This is the most economical type of operation and gives greater flexibility in performing inventory management functions. When grain is moved from country warehouses to terminal position, it is moved by CCC towards the point at which it is expected to be disposed of under various programs. Grain is also moved from country warehouses to terminal positions to make storage space available for grain at takeover time and for the new crop at harvest time.

For a number of years it has been necessary for CCC to move grain out of Kansas and some of the adjoining States, in advance of harvest, to make room for the new crop. This grain is moved in the direction of Gulf ports, and large quantities have been stored in Fort Worth and Dallas enroute from Kansas and adjoining States to the Gulf. It may also be stored in elevators which are not in a direct line provided the railroads have tariffs in effect which equalize the freight. This is the situation which exists in a large area in West Texas.

After the first Uniform Grain Storage Agreement was signed with Estes on March 9, 1959, he expanded his operations rapidly. By the end of 1959 he was up to 12 million bushels' capacity; by the end of 1960 he was up to 25,642,000 bushels' capacity; by the end of 1961 he reached 45,227,504 bushels' capacity; and by March 1962, he was up to a total of 54,078,504 bushels.

When his "house of cards" collapsed some 33 million bushels of Government grain were stored in the Estes' houses. Of this amount, farmers put nearly 30 million bushels into his facilities, and CCC acquired it after it was already there. In the 3-year period from March 1959 to March 1962, CCC also moved some 10 million bushels of reconcentrated grain into Estes' houses, but it moved out more than 7 million bushels. Thus a net of less than 3 million bushels of grain was moved into the Estes' warehouses by the Government.

Since Estes arrest and indictment, charges have been made that Estes' warehouses received favored treatment from the USDA in its grain reconcentration operations. These allegations are completely untrue.

The fact is that prior to the normal March 31, 1962, takeover, the six Estes' elevators were 46.22 percent filled with CCC-owned grain, while the average of all Texas warehouses, excluding port elevators, was 51.19 percent. After including the estimated takeover at the end of March, the occupancy of the six Estes' houses rose to 61.21 percent, while the State average rose to 65.46 percent. Thus, both before and after the 1961 takeover, the occupancy in the Estes' houses was about 5 percent below the State average occupancy. The comparison between storage in Estes' houses and in other houses in his immediate area is even more conclusive. When the Estes' warehouse at Plainview was 48.6 percent filled with CCC grain, other Plainview houses were 54.16 percent filled, and houses at nearby Amarillo and Lubbock were 60.2 and 65.9 percent filled.

During the period 1959-60-61 tight storage conditions in the Kansas area necessitated the movement of some 273 million bushels of grain into Texas elevators to make room for new crop harvest in the producing areas. These movements were in the normal pattern, and did not result in extra freight costs, when the ultimate destination - the Gulf of Mexico ports - is taken into consideration. Only one of Estes' elevators received a portion of this grain -- 4.6 million bushels, or about 1.7% of the total movement.

In addition, some 5.3 million bushels of grain were reconcentrated into the Estes' elevator for the same three-year period, 1959, 1960, and 1961, from within the area served by the Dallas Commodity Office. Thus, the total movement into the Estes elevator for the three-year period amounted to 9.9 million bushels, with a net gain after out-shipments of less than 3 million bushels.

Questions have been raised as to how much of the payment made to Estes for grain storage was paid during the previous Administration. We know that \$777,000 was paid him in 1959, and \$2.4 million in 1960. Since the grain stored in his houses in 1959 and 1960 was still there in 1961, it may be assumed that at least \$2.4 million was paid in 1961 for the grain placed there prior to that time. Therefore, a simple addition of \$2.4 million plus \$2.4 million and \$777,000 gives more than \$5 million attributable to the previous Administration. Actually, it could be said after a complete breakdown of payments made, that of the \$7,648,474 paid to Estes or his assignee in the three-year period, all except \$328,000 was for grain stored in his elevators during the previous Administration.

We do not stand to lose the value of even one bushel of grain from the Estes' storage operation. There has been no embezzlement of grain. It is still there and still in good condition. We are also protected by legal liability insurance furnished by the Federal Court-appointed Receiver for the Estes' estate, which we have required to be in the amount of ten million dollars, now that we know that Mr. Estes, instead of being a millionaire, is bankrupt.

I have absolutely no evidence that Mr. Estes received any preference or favoritism in the storage of grain. Mr. Roland F. Ballou, Assistant Deputy Administrator for Commodity Operations, ASCS, has stated in a recent hearing before the Fountain Subcommittee of the House:

"As a career employee of the Department of Agriculture who has been connected with this grain operation for more than 10 years, I believe I can speak for both of the Administrations that have dealt with Mr. Estes. In the 22 months that Mr. Estes had storage contracts while Mr. Benson was Secretary of Agriculture I am confident that Mr. Estes received no more favorable treatment than other Texas terminal warehousemen received. I am also equally confident that the same situation continued during the 14 months that he had storage contracts while Mr. Freeman occupied that Office. The same Department of Agriculture career employees at the operating level have handled these storage operations during both Administrations."

Following Estes' arrest, a complete inventory was taken by warehouse examiners of USDA, which indicated that stocks of grain on hand in Estes' warehouses were sufficient in both quality and quantity to satisfy outstanding storage obligations. A USDA warehouse examiner has been stationed at each Estes' warehouse location to exercise surveillance over Government grain inventories. Upon the arrest of Estes, a stop-payment order was issued on Billie Sol Estes facilities and those thought to be in some way affiliated with Estes. Current withholdings on accrued charges are in excess of \$1,000,000.

On May 22, 1962, I decided that it would be in the public interest to load out the CCC-owned grain currently stored in elevators owned by Billie Sol Estes and those in which Estes may have had an interest. This operation will involve a total of between 40 and 50 million bushels. This load-out is being accomplished without extra cost to the Government and in an orderly manner to avoid the disruption of the normal movement and handling of non-Government grain. It will be accomplished through the use of grain in the Estes' elevators for CCC disposition in both domestic and export sales programs. As of June 22, a total of more than 6 million bushels had been ordered loaded out.

One of the first allegations made against the Department as the Estes case began to unfold was the charge that he had been favored in the matter of the bond he was required to provide as the operator of a Federally-licensed warehouse facility.

In point of fact, he was required to put up a far higher bond than the laws and regulations governing this matter require. Bonds for warehousemen licensed under the U. S. Warehouse Act are determined by formula, in which the net worth of the operator is a major factor, but the Department exercises its own judgment when it feels that the amount required by application of the formula is inadequate. In Estes' case, as the capacity of his warehouses expanded, his original bond of \$200,000 (the maximum required by law and regulation) was steadily increased to \$700,000 -- half a million dollars higher than the maximum.

In February, 1961, Mr. Carl Miller, the official responsible for administration of the U. S. Warehouse Branch, Agricultural Marketing Service, decided to fix Estes' renewal bond at \$1,000,000 in view of the expansion of his facilities, and to require an independent audit of his financial position. Shortly after, Estes appeared at the office of Mr. Miller in Washington to protest the increase on grounds that his net worth made it unnecessary. He agreed to furnish the independent audit which Miller had requested.

This audit statement, ostensibly prepared by the Lubbock, Texas firm of Jackson and Rogers, and certified by Winn P. Jackson, CPA, showed Estes' net worth to be approximately \$13.7 million. In his statement transmitting and certifying the Estes' balance sheet, however, Jackson said that his examination was "made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the

circumstances; except that our examination did not include the generally accepted auditing procedure of observing and testing the methods used in determining inventory quantities, prices and amounts." He concluded that by "reason of the limitation of the scope of our examination as to inventories, no opinion may be expressed as to the fairness of presentation in the accompanying balance sheet of the financial position of Billie Sol Estes as of December 31, 1960."

The only item on the statement labeled "inventories" was an item amounting to \$942,701.13, and the limitation in the CPA's statement was interpreted to apply only to that item. However, Mr. Miller further discounted the CPA report because information on file disclosed that certain properties included in the financial statement were not insured. Estes net worth as discounted was approximately \$7 million. Only \$2.25 million net worth was required under the regulations. In the circumstances, the bond was allowed to remain at \$700,000.

It was later developed that Jackson had in fact, merely transferred to his own letter-head figures which had actually been prepared by Estes.

On May 6, 1962, I called Jackson's behaviour to the attention of national and Texas institutions concerned with the public accountancy profession. As a result, following its own investigation, the Texas State Board of Public Accountancy suspended Jackson's license. Perhaps even more significant in relation to the action taken by the Department was the following statement contained in a letter addressed to me on June 4 by John L. Carey, Executive Director of the American Institute of Certified Public Accountants. Mr. Carey said:

"In the present case, a reader of Mr. Jackson's report would be reasonably entitled to assume that the auditor had done the necessary work with respect to all important items in the balance-sheet so far as they were in no way connected with the inventory -- for example, cash securities, receivables, fixed assets, and liabilities. If he had not checked any of these items he should have said so.

"Mr. Jackson said he could not express any opinion as to whether the balance-sheet fairly presented the financial position. The only reason he gave was his inability to examine the inventory. If there were other reasons he should have stated them."

The USDA will continue to administer the storage program in accordance with the law and will use all available means to insure that the interest of the Government in stored commodities is sustained. We must, however, face the fact that until Government farm programs are altered in a direction that will gradually decrease the volume of commodities that go into stockpiles, problems and costs of storage will intensify and increase. If we now return to the programs that prevailed in the 50's, unrestricted production will substantially increase the volume to be stored.

The wheat and feed grain programs that this Administration put into effect last year as temporary and emergency programs succeeded in beginning to reduce the stockpile, and succeeded so well that many who opposed those programs last year now support them. They cannot, however, be relied upon as a permanent solution because in the long run they will continue to reduce surpluses only at the cost of increasing amounts that will have to be paid for diversion -- costs that will eventually become too high for the Government to carry. I shall, therefore, continue to work for a sound, permanent comprehensive farm program that will solve the storage problem by reducing the amount to be stored to levels needed for essential reserves.

TRANSFER OF POOLED COTTON ALLOTMENTS

As I have already indicated, the relationship of Estes to government farm programs in his capacity as a cotton producer seeking the transfer of pooled cotton allotments was a relatively minor aspect of the fantastic operations in which he was engaged, and, as compared with his storage operations, had relatively little to do with the financial structure he seemed to be trying to construct.

Nevertheless, his attempts to secure these allotment transfers have become a subject of major concern to the Department of Agriculture and to your Committee because questions have been raised: (1) as to whether he benefitted from any special favors in the matter of these transfers, (2) as to whether decisions on these transfers were made without undue delay, and (3) as to whether anyone in the employ of the Department acted improperly in connection therewith.

There is a fourth question involved with which I am especially concerned, and that is whether administrative and/or legislative changes in regard to the whole county-State-Federal relationships and functions, as they apply to production allotments and other aspects of the farm program, are called for in the interest of better administration.

Since the confusion and complexity of the problem relating to the Estes allotment transfers was first brought to my attention in late March, 1962, and especially since the nature and extent of his devious operations became apparent in April, I have sought seriously and diligently for the answers to these questions. They can be evaluated meaningfully only in the light of circumstances that prevailed, which I shall now try to summarize as briefly as clarity permits.

My recent careful study of the whole situation shows that in January, 1961, when I became Secretary of Agriculture, a very tangled and complicated situation existed with regard to the transfer of pooled cotton acreage allotments. Legal authority for such transfers had existed since 1942. In 1958 a law (Sec. 378) was enacted to provide a uniform procedure for pooling and transferring acreage allotments for all commodities subject to such allotments where farms having such allotments are acquired by an agency having the power of eminent domain. It replaced earlier sections of the act which had dealt with the same problem separately for each commodity. In 1961 the total acreage allotment for cotton available in the eminent domain pool amounted to only 15,531.4 acres; or only eight-hundredths of one percent of the 18,458,424 acres of cotton allotments established for the nation.

In substance, Sec. 378 provides that the farm acreage allotment for a farm acquired through eminent domain shall be placed in a pool in the State where located. The displaced owner may then apply, within three years, to have such pooled allotment, along with the applicable farm history, transferred to "other farms owned by him." Transfers across State and county lines are permissible.

Sec. 378 was implemented by regulations issued in October 1958, which did little more than paraphrase the law. The regulations did, however, assign primary responsibility for deciding whether applications for transfer of pooled allotment should be allowed to the county committee for the county in which the substitute "owned" farm was located.

Clearly, Sec. 378 was designed to permit a farmer displaced by an eminent domain situation to re-establish his farming operations on another farm actually owned by him. It was not intended to authorize a scheme or device to sell the allotment or transfer it for the benefit of another person. It was possible, however, that an ostensible purchase might be made accompanied by an undisclosed side agreement which, in actuality, would result in a transfer of allotment without bona fide ownership of the farm to which it was transferred by the displaced farmer. All of the difficulties in the case of the Estes allotment transfers relate to a determination of whether the land to which pooled allotments were transferred was in fact sold to the displaced farmers entitled to the allotment, and, if they were not bona fide sales, where the responsibility lay.

I might note here that cotton allotments are valuable because the sale of cotton produced on acres that have no such allotment is subject to a substantial marketing penalty. This is a civil penalty, but its amount is sufficient to make it unprofitable to produce cotton without an allotment.

The counties in West Texas in which Estes owned land originally had been dry range land. Late in the 1940's a survey showed an underlying deep water table which could provide irrigation by deep wells, which, however, were costly, running from \$20,000 to \$30,000 per well. Also, heavy use of fertilizer was required for cotton production. However, high cotton yields per acre made the heavy investment appear worthwhile.

Limited development of cotton farms on this basis had occurred in Reeves and Pecos Counties by 1954 when cotton allotments were reactivated following the Korean War. Estes entered into cotton production in 1951 in Reeves County with 2,358 acres of cotton. In 1954 when cotton acreage allotments were re-imposed, Estes had an allotment of only 1,749 acres on a farm with 3,721 acres of cropland. Although his Reeves County declared cropland thereafter increased substantially, his cotton acreage allotment did not. Other landowners in the area had like experience.

In such circumstances strong pressures were present in these West Texas counties and in similar areas in New Mexico to obtain cotton allotments for their undeveloped potential cotton lands. Devious and diverse transactions which were devised in 1960 and early 1961 in these areas to attempt to effectuate transfers of allotments under the eminent domain pooling and transfer provisions of Sec. 378 of the law.

Estes sought to secure his transferred allotments by means of ostensible sales of land to displaced farmers, who would then lease the acreage back to Estes for a three- or four-year period at a yearly rental based on the acres of pooled cotton allotments being transferred. If these sales were bona fide sales

then the transfers could be properly issued. But if they were not bona fide sales, but were, instead, devices by which to cloak a transfer of allotments to someone other than the original owner, they could not legally be issued. I have already noted that regulations issued in 1958 assigned the primary responsibility for the decision as to their transfer to the county committee of the county to which the allotments were being transferred. Such decisions are, however, subject to review by the State Committee. The Washington office is responsible for seeing that the law and regulations with regard to such transfers are faithfully carried out.

CONSIDERATION OF TRANSFERS BY COUNTY COMMITTEES

During 1960 several doubtful situations involving proposed transfers under Section 378 to West Texas and New Mexico by means of various arrangements were referred by the State Committees to the Department for comment and instructions.

The Department's replies set up certain guidelines to handle these matters. In substance, the county committees were to examine all relevant documents presented. If the documents appeared to show a bona fide purchase and the displaced farmer applicant certified that no side agreement existed, the case was to be taken at face value. If a side agreement later was discovered, the transfer would be cancelled and the false certification could result in criminal charges. The mere fact that the displaced farmer intended to lease the farm, rather than operate it himself, would not, by itself, disqualify him. If, however, the documents presented showed an evident or probable scheme or device to transfer allotment without a bona fide purchase, the transfer was to be disallowed.

Two memoranda that were issued by the Department late in 1960 are significant in evaluating this whole situation. One was dated October 13, 1960, and was signed by R. B. Bridgforth, then Acting Deputy Administrator, Production Adjustment, CSS, to the Texas State Committee. It dealt with a proposed Reeves County transfer, by means of transactions which, on their face, could result in bona fide sales of land. The memorandum contained the following paragraph:

"As a matter of policy, we believe that any attempt to read intent into these transactions is not administratively feasible and basically would not give full recognition to the enabling legislation. Although such an approach might eliminate some transactions which serve as a device to effect an indirect transfer or sale of an allotment, it on the other hand would undoubtedly result in the denial of bona fide transfers. So long as the interested persons certify on Form CSS-178 that no side agreements are involved in a transaction and the documentation supports a bona fide real transaction which does not specify or imply, directly or indirectly, the sale or transfer of allotments, the case should be accepted at face value. (Emphasis supplied.)

The second memorandum was one sent by H. L. Manwaring, then Deputy Administrator, Production Adjustment, CSS, to the Texas State office on December 20, 1960. It related to a blank form of purchase and lease-back contract which was being offered to displaced farmers in North Texas and concluded that this was a scheme or device to effectuate an improper transfer of allotment, and that applications for transfers of pooled allotments based on such a contract should be denied. I might add that although not identified as such at the time, this turned out to be the very form of contract used by Estes, as shown by our Investigation Report of October 27, 1961.

I would point out that the Bridgforth memorandum was addressed to a case which appears regular on its face, and would be invalid only if the transaction included a side agreement. The Manwaring memorandum concerned a case where the contract submitted showed, on its face, that the transaction between the parties was likely to be a scheme or device merely designed to effectuate a transfer of the allotment.

The Manwaring memorandum, which had specifically dealt with the kind of transactions Estes used, and which clearly said that in such cases transfers should be denied, was sent to the Texas State office, and its substance was included in a memorandum from the Texas State Committee to the fieldmen who were charged with advising county committees. There are conflicting statements as to whether this information was given to the Reeves and Pecos County Committees that were responsible for approving the Estes transfers.

On the other hand, the earlier Bridgforth memorandum of October 1960, which referred to transactions quite different from those used by Estes, had been transmitted to the Reeves County office because it dealt with a proposed Reeves County transfer. Estes' attorneys obtained a copy shortly after its issuance and used it repeatedly to show to displaced farmers and their attorneys to promote sales and demonstrate their legality.

They subsequently tried to base claims that their transfers were valid on the position presented in the Bridgforth document.

Further regulations were issued later with regard to county committee action on transfers. On January 16, 1961, a meeting was held at Dallas attended by representatives of the Department and the State Committees for Texas, Oklahoma and New Mexico. It was concluded that the regulations should be amended to require a personal appearance of the applicant before the County Committee which should discuss the entire transaction with the applicant. Such personal appearance could only be excused by an affidavit showing illness or other disability. The regulations also should expressly require a certification of no side agreement and the committee was to explain the significance of such a certification to the applicant, including the consequences of a false certification. It was further concluded that if questions of law were presented by the documents or other information submitted on this interview, the regional attorney should be consulted. This procedure was intended to be sufficiently flexible and effective to disclose newly devised schemes and devices to obtain allotments as well as those schemes which had previously been discovered. On February 17, 1961, regulations including these new requirements became effective.

This summary, and review of all the further information we know about the situation leads me to conclude that Department officials were aware of the need for precautions to prevent a fraudulent transfer of pooled allotments and were considering and developing regulations and instructions designed to prevent such fraudulent transfers; and that we do not at present have evidence that proves conclusively that all of these instructions were known to the county committees that were approving the transfers.

I cannot escape the conclusion that these transfers should never have been approved in the first instance, and that they would not have been approved if it had not been for the very confused situation that prevailed in 1960 and 1961, a situation which was unknown to me until after I had studied the investigation which the Department instituted last July, and reported last November. However, as Secretary of Agriculture it was my responsibility. If there had been in existence and operation early in 1961, when most of these transfers were initially approved, an adequate, effective and specifically outlined system of communication and supervision from the Washington office, and if the county committees had been fully and completely informed of their responsibilities and had carried out these responsibilities faithfully, I believe all of this could have been avoided.

Evidence that I have been able to discover or learn does not make it possible at the present time to assess full responsibility for the erroneous approval of these transfers on particular individuals. However in every case where it has been shown that employees involved have been guilty of misconduct, disciplinary action has been taken. Two employees have been dismissed for acting as agents for West Texas landowners who were looking for displaced farmers to whom they could sell land under a lease-back arrangement, and for accepting commissions for such activities. Two were dismissed for accepting gifts of substantial value, including \$50.00 gift certificates, from Estes.

We have also taken action to remedy the situation by instituting procedures that we believe will make it impossible for any repetition of the confusion that prevailed with regard to the transfer of pooled allotments in the Estes case.

In the first place, we have recognized that the regulation of 1958 that places primary responsibility for approval of allotment transfers in the hands of the county committee in the county to which the transfers would be made imposes the initial decision on those who would naturally like to see the transfers made to their own community. We therefore now require all transfers of pooled allotments to be forwarded to the Department in Washington for review and approval, together with full disclosure of the transaction between the parties.

In the second place, we have issued a regulation to refuse approval of transfers of allotments in cases of sales that are accompanied by a lease-back provision except in those cases where the farmer whose land was taken by eminent domain had also leased his farm before the land was taken. These, too, are subject to review in Washington.

DEPARTMENT ACTION TO REVIEW THE TRANSFERS

On July 5, 1961, the Investigation Division of the ASCS was instructed to make a general study of transfers of pooled allotments and to determine whether State and county ASC committee actions conformed to law and regulations. Personnel of the ASC Investigation Division fanned out in the Texas, Oklahoma, Georgia, Alabama, and New Mexico areas to check State and county office records and to obtain sworn statements from USDA personnel. Statements were also taken, when possible, from displaced farmers who purchased land and transferred allotments as well as from those who sold them the land.

On October 18, while the investigations were in progress, Estes and Dennison, his attorney, visited an official in the Cotton Division of the Department in his Washington, D. C., office. Estes demanded that the investigation be stopped, made some general statements claiming close association with important people, and said that if the investigation were not stopped he would bring people to Washington, buy space in newspapers and magazines, and do everything he could to embarrass the Administration and the Department which he accused of attempting to smear his reputation.

The USDA official explained that this was a matter to be discussed at a much higher level, and suggested that Estes leave his hotel telephone number so that he could be called later after the matter had been discussed. An appointment was made for Estes and Dennison to see Emery Jacobs, Deputy Administrator, ASCS, on the following day. Estes and Dennison kept the appointment.

This episode was not reported to me nor, as far as I know, anyone on my staff. At any rate, it had no influence on the course of the investigation, which was completed on October 27, 1961, and received in the Department on November 3.

This report by the Investigation Division of the ASCS on the matter of the transfer of pooled allotments to Estes contains 140 pages of single-spaced typed text and 35 exhibits. Many of these exhibits were specially prepared tables consisting of a great many individual informational items. Numerous persons were interviewed at many locations and many office records and other memoranda were reviewed.

Between November 3 and November 14, 1961, several offices of the Department had this voluminous report for study and evaluation. While this matter was still under study, emergency action was taken on November 14, 1961, to withhold the 1962 allotments from Estes. This emergency action was required because the 1962 cotton allotment notices were scheduled to be issued shortly thereafter because of a referendum to be held among cotton producers on December 12, 1961.

On December 15, 1961, the General Counsel issued an opinion that the Estes transactions constituted a scheme or device to effectuate a transfer of allotment to a person other than the displaced owner, contrary to law and regulations. He concluded that the 1961 Estes allotments based on these transfers should be

cancelled and that 1962 allotments should not be issued. On December 22, 1961, a decision was reached, concurred in by the Under Secretary, that 1961 cotton allotments should immediately be cancelled and this decision was transmitted to Mr. Estes and his attorney, Mr. Dennison, and to the State and County Committees affected. On January 3 and 4, 1962, the Reeves and Pecos County Committees formally cancelled the 1961 allotment transfers for Estes and his associates and issued revised allotment notices.

Up to this point of the cancellation of the allotment transfers I believe that any fair-minded appraisal of the Department's actions will conclude that they were taken as promptly and decisively as a careful review of a complicated and difficult situation would permit.

I have given very careful consideration to the next development, because of questions that have been raised about whether it involved undue delay or special treatment.

On January 6, 1962, a conference was held in the Under Secretary's office at the request of Congressman Rutherford. Those present included Mr. Estes; his attorney John Dennison; Senator Yarborough and his Administrative Assistant, Alex Dickie, Jr.; Congressman Rutherford; the Under Secretary; Edwin Jaenke, Associate Administrator ASCS, acting for the Administrator, Horace Godfrey, who was ill; Emery Jacobs, Deputy Director State and County Operations, ASCS; Joseph Noss, Director of the Cotton Division, ASCS; John Pagwell, General Counsel; and Howard Rooney from the Office of the General Counsel.

Estes and his attorney appealed from the decision to cancel the allotments. They asserted that the transactions were bona fide, and that Estes was bound by the contracts with the displaced owners; that such contracts were entered into by Estes on the advice of counsel, based largely on their interpretation of the Bridgforth memorandum of October, 1960, and that both Estes and his attorneys were unaware at the time of the transactions that the contract form they were using had been disapproved by the Manwaring memorandum of December, 1960. They said they had acted on the advice of State and county committees and had relied on that advice and the advice of Marshall, Program Specialist with the Texas State Committee. Dennison said that he would be hard pressed to prepare all the appeals within the 15 days that were allowed for the filing of appeals, and urged that he be given the opportunity to prove that the transactions were bona fide without first going to the Review Committee.

The Congressmen present appear to have expressed the opinion that there seemed to be a genuine legal dispute and hoped that the Department would give Estes fair consideration. Real concern was expressed for the effect the cancellation would have on the economy of West Texas.

Estes and Dennison were then told that the matter would be considered and they would be advised of the Department's decision.

The Department personnel decided that the 1961 allotment cancellation notices should be recalled pending further consideration, thus giving all parties involved, including sellers other than Estes, an opportunity to prove the bona fide nature of the alleged purchases.

You will ask, as I have asked, why the decision to recall the cancellation of allotments was now made and approved by the same officials who had, some two weeks earlier, decided to cancel those allotments because the transfers had been based on a scheme that was contrary to law or regulations. You will have the opportunity to hear answers directly from some of those who participated in the decision. As you analyze and judge the reasons given, I know you will consider, as I have done, the following points.

1. However clear it may have been, after a study of the Investigation Report, that the transfers should not have been approved by the county committees in the first instance (and I have already stated that it is my opinion that they should not have been approved) the fact remained that the transfers had been approved and the allotments issued by representatives of the U. S. Government. Estes and his attorney said they had relied on the Bridgeforth memorandum and had not known of the Manwaring memorandum. They asked for more time in which to try to prove that the transactions were bona fide.

2. The decision to grant more time and opportunity for further consideration was made in a situation in which time was not of the essence. Remember that the 1962 allotments were never issued. As to the 1961 allotments, the cotton had been planted and harvested, and the amount of excess marketing penalties would be

precisely the same whenever imposed. Estes stated that he would challenge a cancellation. He had the right to appeal the cancellation, first to a Committee of Review, and then to the courts. If a decision in the Committee of Review is against the Government, the Government cannot appeal. The fact that Estes and other were thus given this fair opportunity to establish their claims before final cancellation could reasonably be expected to substantially strengthen the Department's position before a Committee of Review composed of farmers from the area.

3. The decision of January 6 was made in the light of what was known then, not what we know now.

It is my considered judgment that the rights and interests of the Government could not have been impaired by this granting of extra time in which citizens could try to establish their rights unless it could be charged that the delaying action was intended to provide some kind of a loophole through which Estes could avoid a cancellation of the allotments. But such a charge is completely disproved by events that followed.

Between January 10-12, 1962, visits to Texas were made by representatives of the General Counsel's Office, Cotton Division, and Southwest Area Office to examine records of the State and county committees to ascertain procedure used by them and for other relevant information. A report was filed on facts but made no recommendation. Only this month did we discover that a third man had sent in a report which obviously had no effect on Department action, and to which I will refer later in this testimony.

There was, however, a procedure developed during January that enable the Department to get definitive proof that because the Estes sales had not been bona fide the allotment transfers based on those sales should be cancelled. The sellers of the land were required to prove that a bona fide sale had taken place by certifying under oath that the purchaser had made the substantial first down payment, and that such down payment was bona fide in every respect. This certification requires specific assurance that no agreement exists for the return of the payment to the purchaser, that the seller had not supplied or arranged to supply funds for the payment, that the displaced owner remained personally liable for completing payment at the originally agreed purchase price, and that he is not in default in the contract and is the bona fide owner of the farm subject only to the vendor's lien.

This means of determining bona fide sales could not have been instituted before the first annual payments were due. But since most of these installments had become due in December 1961, instructions were issued from Washington on January 31, 1962, directing the Texas state Committee to obtain such certifications from all of the sellers involved -- including Estes -- and to arrange for cancellation of the 1961 allotments in the event such certification was not obtained. The State Offices thereafter instructed the County Committees to follow this procedure.

Estes never executed the requisite seller certification with respect to any of the transactions and the 1961 allotments therefore were duly cancelled and excess acreage assessments imposed in the total amount of \$554,162.71.

There is one remaining question some of you may ask with regard to this final certification requirement through which the Department was able to arrive at a clear and definitive cancellation of the Estes allotments. The instructions to obtain such certification were issued on January 31, 1962, but they contained no deadline by which time the certifications were due. It was apparently assumed that the approach of the planting season was sufficient for this purpose.

I believe that good administration should have required that a reasonable time limit should have been a part of the instructions issued on January 31.

MEMBERSHIP ON THE COTTON ADVISORY COMMITTEE

Among the serious problems relating to this case is the matter of Estes' membership on the Cotton Advisory Committee.

The Cotton Advisory Committee was formed in 1960, as an informal group to advise Senator Kennedy, under the chairmanship of Dr. Alexander Nunn of Birmingham, Alabama. After I became Secretary of Agriculture I asked Dr. Nunn to continue this same group to advise me with respect to cotton problems. The committee was thus continued on an informal basis in the sense that the expenses of its members were not paid by Government. Dr. Nunn maintained the membership lists and actually issued the invitations to serve on the committee.

Estes was recommended for membership on the committee in January 1961 by Senator Ralph Yarborough, and this recommendation was transmitted to Dr. Nunn. In June 1961 Dr. Nunn made a number of suggestions about membership on the committee, recommending the addition of several persons in order to give the committee a broader geographical representation. Among these suggested additions was Estes, who was described as "highly thought of." It was noted that the southwest should have additional representation on the committee. With the concurrence of the USDA Dr. Nunn invited Estes to become a member of the committee, and he was added, along with several other new members, as of July 11, 1961. The persons considering Estes' qualifications had no knowledge of the pending cotton allotment investigation that was requested on July 5.

The Agricultural Act of 1961 specifically authorized the appointment of advisory committees, and the Department established a regular procedure for the selection of members, their investigation before appointment, the designation of an official USDA representative to serve, provision of secretariat services and expenses, and other necessary provisions for the effective utilization of such committees. These committees are not concerned with operations. They are advisory only, and their advice is sought on matters of policy relating to farm programs.

In the fall of 1961 it was decided to convert the informal Cotton Advisory Committee into an official committee under the new Act, and it was also decided to retain as members all of the former members who desired to continue. Accordingly, investigative checks of the members were begun.

This check on Estes resulted in a memorandum from the Chief of the Review and Adjudication Division of the Office of Personnel which stated: "The attached memorandum summary from Mr. Huelkamp of an Agricultural Stabilization and Conservation Service Investigation made regarding subject is sufficiently derogatory in nature that I recommend against subject's appointment."

The memorandum continued: "I realize that he has not yet been tried for the alleged offenses and may not be guilty of any wrongdoing. However, since the matter has been referred for consideration of prosecution it appears advisable to drop his name from consideration until this matter is cleared up." The date of this memorandum was November 21, 1961.

The Under Secretary was consulted about this matter. He considered it concurrently with consideration of ASCS action on the problem of the transfer of pooled allotments. Decision on the membership question was withheld pending disposition of the allotment transfer problem.

The Under Secretary concluded that Estes' involvement in the transfer problem was not a sufficient reason for dropping him from the advisory committee. This conclusion was based on his view that it was a civil legal dispute which did not affect his qualifications to remain on the committee.

Unfortunately, although this decision was made in good faith, it was a mistake, a fact demonstrated even more clearly by subsequent events. But let me repeat that, for this as well as for other matters, as Secretary of Agriculture I assume full responsibility.

PERSONNEL INVOLVED IN THE ESTES CASE

Three members of the Department's Washington staff permitted themselves to be compromised by Estes' penchant for gift-giving and personal favors. They have all been separated from the Department. In these cases, the standard of ethics and personal conduct which I believe to be essential in public office -- or indeed, in private office -- was violated. Disciplinary action was prompt and decisive. It will be no less prompt and no less decisive if additional instances come to light in the course of our continuing investigations.

I first received a rumor of the possible involvement of Departmental personnel with Estes on April 10 -- two days before the Court of Inquiry in Texas brought the matter to public notice. The rumor was relayed to our Washington office by the Dallas ASCS office. A departmental investigator was on the plane that same day, enroute to Dallas.

On the next day, April 11 -- again prior to public disclosure in the Court of Inquiry -- our investigator interviewed salesmen at the Neiman-Marcus store. They refused to give him information; and the store management indicated that it would discuss the matter only if subpoenaed.

On the following day, April 12, news dispatches reported that three employees of the Department had been alleged in the Court of Inquiry proceedings to have accepted gifts of expensive clothing from Estes. The three were Emery E. Jacobs, James Ralph, and William Morris.

Emery E. Jacobs, former Administrator, State and County Operations, ASCS

On the 12th of April when the allegation of Jacobs' involvement with Estes was made in Texas, Jacobs was in Denver, Colorado, attending a meeting on official business. At my instruction he flew to Washington that day and met with me in my office at 10:30 the same evening. We discussed the charges that had been made and their implications and reached the understanding that Jacobs would resign. He did so on the following morning, April 13. Jacobs indicated to me that he intended to appear for the Courts of Inquiry in Texas in order to clear his name, but he did not do so. I understand that he has subsequently been interviewed by investigators of the Federal Bureau of Investigation and of this Committee.

James T. Ralph, former trainee for the post of Agricultural Attache, before that, Assistant Secretary of Agriculture

Dr. Ralph was interrogated by a Department investigator in Washington on the afternoon of April 12, the day on which the charges were made against him in Texas.

On Monday, April 16, I discussed with him the allegations which had been made during the Texas Court of Inquiry proceedings. Ralph categorically denied that he had accepted gifts from Estes and assured me that he would go to TEXAS to testify in the Court of Inquiry. I agreed that pending his testimony his status in the Department would remain unchanged. At the time Ralph was in training for an assignment as Agricultural Attache to the Philippines. Some time earlier, on the 20th of February, 1962, for reasons wholly unassociated with the Estes matter, had been transferred from the post of Assistant Secretary of Agriculture. On April 20, 1962, Dr. Ralph testified at the Court of Inquiry in Texas. He categorically denied accepting any gifts from Estes. In light of his sworn statement to this effect, and pending the completion of investigations then under way, I felt that fairness required that I take no disciplinary action at that time and I permitted him to continue his training for the overseas position.

On May 15 I received information from the Federal Bureau of Investigation that Dr. Ralph had charged long distance telephone calls against the credit card of Billie Sol Estes -- a fact which he had not previously disclosed. On that day I notified him that I was taking action to terminate his employment by the Department. Subsequently, I believe that Dr. Ralph appeared before the Subcommittee on Inter-Governmental Relations of the Committee on House Government Operations; and that he cooperated fully with the Federal Bureau of Investigation and investigators of this Committee.

William E. Morris, former Assistant to the Assistant Secretary

Morris was also interrogated by a Department investigator on the afternoon of the day the charges were made against him in Texas.

On Monday, April 16, 1962, it was announced during a press briefing by a Departmental official that he had been suspended from the Department for failure to follow official instructions from his superiors. The action was taken because Morris, contrary to instructions, had neither appeared in the Department nor made himself available to answer questions concerning allegations made about his relationship with Estes.

In accordance with regular personnel procedure Morris was granted a personal conference with Departmental officials on April 30, to review his suspension. On May 2, 1962, a decision was mailed to him by the Department stating that the charge against him was sustained; that he would be removed from the position effective May 18, 1962, and that he had the right to appeal the decision to the Civil Service Commission under the Veterans' Preference Act, within ten days of the effective date of the action. Such an appeal was filed and is now pending before the Civil Service Commission.

In addition to these three, several members of the field service of the Department have also been removed.

William P. Mattox, former Vice Chairman of Reeves County (Texas) ASC Committee

During January of 1962, Mattox traveled from Pecos, Texas, to Washington, D.C.; for the purpose, as he later stated it, of "talking ... about the problem of bracero labor." Mattox stated at a hearing before the Texas State ASC Committee on May 22, 1962, that Billie Sol Estes, John Dennison, and he traveled from Pecos to Midland, Texas, in a plane owned by Estes, then continued on to Washington by commercial airline. Mattox admitted that he was given expense money for the trip by Marcus Dingler, Pecos, Texas, and that his plane fare and hotel expenses were paid by Estes.

Mattox said that while the purpose of the trip was to discuss bracero labor, while in Washington he discussed cotton allotment transfers with Emery E. Jacobs, former Deputy Administrator, State and County Operations; William E. Morris, then assistant to former Assistant Secretary James T. Ralph; and at Jacobs' suggestion, discussed cotton allotments with Joseph Moss, Director of the Cotton Division.

During April 1962, accounts of Mattox's trip to Washington in January were carried by the press.

On May 8, 1962, Mattox was suspended as Vice-Chairman of the Reeves County Committee by the Texas ASC State Committee, pursuant to Sec. 7.28 of the regulations of the Secretary of Agriculture. The suspension was based on the information contained in the previously mentioned news stories and articles, which Mr. Mattox admitted to be true when queried by a representative of the Texas ASC State Committee.

Mattox appealed his suspension and on May 22, 1962, an appeal hearing was held by the Texas State ASC Committee. On June 8, 1962, Mattox was informed by Ralph T. Price, Chairman, State ASC Committee, that after considering testimony heard by the State Committee at the hearing, the Committee sustained the suspension of Mattox and further ordered that he be removed as Vice-Chairman of the Reeves County ASC Committee effective at the close of business on June 8, 1962.

Rufus D. Atkinson, former Office Manager, Reeves County ASC Committee

Rufus D. Atkinson, office manager of the Reeves County, Texas, ASC Committee, was suspended by the Texas State Committee on June 19, 1962, following his admission that in 1960 and 1961 he had accepted gifts of substantial value from Billie Sol Estes, including a \$50 gift certificate and a quantity of beef for his locker. Atkinson has the right to a hearing by the State Committee, after which a final decision in his case will be made.

Alvin J. Weimer, former Performance Supervisor, Reeves County ASC Office

On June 19, the Texas State Committee also suspended Alvin J. Weimer, Performance Supervisor, Reeves County ASC office, following his admission of having accepted gifts of substantial value from Billie Sol Estes, including a \$50 gift certificate in December 1960. Weimer is entitled to a hearing by the State Committee, after which final decision in his case will be made.

Russell E. Dill, former County Office Manager, Custer County (Oklahoma) ASCS Office and

Harvey E. White, former Performance Supervisor, Custer County Office

Russell E. Dill, Office Manager, and Harvey E. White, Performance Supervisor, Custer County ASCS Office, Clinton, Oklahoma, were contacted by Dr. Truett L. Maddox of El Paso, Texas, in the early part of 1960, for a list of farmers who had been displaced under eminent domain proceedings and had as a result placed their cotton allotments in the State pool. Maddox also wanted someone to represent him locally (in the Custer County area) for the purpose of introducing him to displaced farmers. Dill and White agreed to represent Maddox and were each paid \$600.00 for so doing.

In addition to Maddox, Dill and White also represented the following persons and received amounts of money for such representations as indicated: Fred Chandler, Sr. - \$1,765.00; Lindall Barker - \$50.00; Joyce Gray - \$442.00 (Payment made to Dill only); O. A. Thorp - \$1,250.00.

All of the commissions paid were contingent on the displaced farmer buying land and the subsequent transfer of his cotton allotment.

Early in October 1961, Dill and White were interviewed by a special agent of the Investigation Division, USDA, but did not mention they had received commissions from land sellers. Following this interview and discussion among themselves, they decided to return the commissions they had received.

On March 2, 1962, the Oklahoma State ASC Committee reached a decision that Dill and White, because of their acceptance of the commissions paid to them by land sellers, should be reprimanded and suspended for a period of 15 calendar days. The State Committee also stated that, "These employees should be reprimanded in this manner but do not believe their actions based on the facts warrant more severe disciplinary action."

This action was considered inappropriate by the Department and on May 8, 1962, the resignations of both men were obtained. The matter was referred to the Attorney General's office on May 1, 1962, for such action as he deemed appropriate.

Thomas H. Miller, Acting Southwest Area Director, ASCS

On June 2, 1962, it was brought to my attention that Thomas H. Miller had prepared, in January 1962, a memorandum report on Estes' cotton allotment transfers which had been prepared under instruction from his superior Emery Jacobs and which did not reflect his own judgment or opinion. Mr. Miller had not revealed this memorandum until questioned about it by members of the staff of this Committee on June 1.

The basic recommendation made in Miller's memorandum was that the transferred cotton allotments in the Estes case be allowed to stand for 1961 and subsequent years. This recommendation in no wise affected or influenced the course of action which the Department took with respect to the allotments.

As soon as the matter came to my notice on June 2, I ordered a review of the situation; and on June 25, I took steps to deliver a formal reprimand to Mr. Miller. This action was based on the fact that he had made a full disclosure of the matter and was cooperating wholeheartedly with the investigators of the Committee.

In matters involving all employees and officials at all levels it is our goal to maintain standards of conduct and performance that are not only in fact above reproach but that also give no cause for doubt. Where these standards are not maintained, we have taken and will continue to take prompt and just action, with due regard for both the right of the individual to a fair hearing and the right of the public to honest and efficient service.

May I conclude this testimony by noting that I have tried to summarize a most complicated matter as clearly as possible, and as briefly as is consistent with presenting the essential facts.

I can say most sincerely that I welcome this investigation, not only because the discovery of any errors and shortcomings will result in corrections and improvements, but also because it will clear the air of unfounded suspicion and correct those implications of wrongdoing that have appeared without justification.

Lest this statement be misinterpreted or misunderstood, let me give just one illustration of what I mean. In the course of the Estes affair the Attorney General of the State of Texas reported ledger accounts in Estes' books labelled "Washington Project," and you all heard and saw resulting headlines that led to an implication that the "Washington Project" must refer to moneys disbursed secretly in the Nation's capital for some nefarious purpose. As if to add to that inference, photographs of three checks, drawn by Estes, which together totalled over \$145,000, were displayed, along with an emphasis on their having been cashed only a day or so before Estes made a trip to Washington and had a dinner -- along with a few thousand others -- with some influential people. Those who seek to inflate any suspicion of wrongdoing into immense proportions proceeded to imply, in front page headlines, that all this was evidence of bribery and corruption.

But when the Department of Justice investigated thoroughly and reported the facts, the truth was often found buried on the back pages -- if it was found at all. For the "Washington Project" turned out to be a housing project in the State of Washington which Estes had purchased and later sold. And the checks proved to have been cashed and used that same day to make installment payments due from Estes to three creditors in the State of Texas. The inflated bubble of suspicion was effectively pricked and destroyed by the facts brought to light by the Department of Justice. But many had seen the balloon rise -- only a few saw it fall.

Hence we appreciate an investigation like this, that will reveal faults that should be corrected in their true light. We in the Department will continue to investigate, and to cooperate with you in your investigation, as we will with the House Committee and with the F. B. I. We will continue to do our utmost to correct any faults that may be discovered.

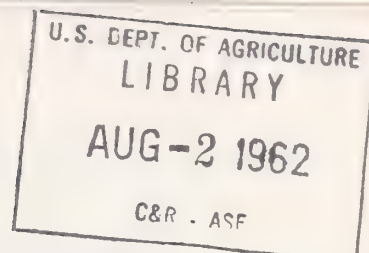
I would like to repeat, in closing, that thus far, as a result of all investigations, evidence known to us shows that:

1. No official or employee now in the employ of the Department is known or can reasonably be believed to have improperly accepted gifts or other favors from Estes;
2. Estes received no special benefits as a result of favored treatment from the Department of Agriculture;
3. The Government of the United States has lost no money through its business with Estes.

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UNITED STATES DEPARTMENT OF AGRICULTURE



Washington, July 18, 1962

Statement by Secretary of Agriculture Freeman on CED 5-Year Plan for Agriculture:

I regard the CED Five Year Plan for agriculture as the best thing that could possibly have happened to re-awaken interest in the Administration's Food and Agriculture Program for the 1960's.

The CED, in its "Adaptive Program for Agriculture", has presented an ably and carefully prepared design leading to the abandonment of all farm programs at the end of five years.

For more than a year and a half I have pointed out that agriculture is at the crossroads -- facing a choice between a sound program for managed abundance, on the one hand, and, on the other, the eventual abandonment of all farm programs. The only other alternatives that have been considered have been temporary or piece-meal or compromise attempts to postpone the day of decision -- attempts that become more unsatisfactory and more costly with each passing year. It is my best judgment that each delay, each compromise, each attempt to further postpone the choice that we must eventually face pushes us in the direction of the abandonment of all farm programs and the disastrous consequences that would result.

Therefore I look at the CED presentation of its five year "adaptive" program to end farm programs as a welcome opportunity to study and evaluate its implications and to compare them with the goals set forth in the Administration's Program for the 1960's.

The following points, brought out by such a comparison and evaluation, are of utmost importance to every farmer and of real significance to every wage earner and every consumer.

FIRST, the whole premise of the CED Five Year Plan is based on the stated goal of doubling the expected exodus from farming, pushing it up to a level of 2 million farm workers in the next five years, by means of an administered decline in farm income. This artificially accelerated dislocation of 2 million farmers seeking non-farm jobs, together with the disruption of their families, plus the effects on the business men on Main Street and on those in rural towns and villages who provide professional and public services, all add up to a serious burden of adjustment and critically handicap the rest of the economy. A rate of economic growth sufficient to achieve satisfactory employment levels under normal conditions could be thrown out of balance by this additional load.

SECOND, the CED Five Year plan to end farm programs threatens to alter the basic character of American Agriculture. If Government made good on its determination to stay out of the picture after five years, farmers would be faced with low and fluctuating farm prices. They would be left to deal with business firms in other sectors of the economy having monopolistic control over their markets. The result would be a disorganized agriculture where farmers were exploited by the large firms with whom they dealt in selling their products and buying farm

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supplies. Even the most efficient family farm would find it difficult to survive this type of economic pressure, and the control of agricultural resources would become increasingly concentrated into the hand of firms outside agriculture -- firms which could and would begin to join together to raise prices to increase profits.

New forms of vertical integration and contract farming, such as have already developed in several fields, and would limit the freedom of the remaining farmers -- would limit their freedom to produce what they want, except under contract -- would even limit their freedom of access to results of research and technological progress. And, should this occur, the limitations to the freedom of farmers would be in the hands of private corporations.

We already have illustrations of how vertical integration and contract farming take away from the farmer some or all of his managerial independence -- even, in some instances, relegating him to little more than a piece work laborer's role. In the broiler industry, for example, the independent farmer cannot compete with the integrated industry because he cannot gain access to improved breeds and strains of poultry stock, he cannot secure financing on equal terms, he cannot keep up with the rate of technological and managerial advance where research information is available only through private channels controlled by the integrators, or where access to markets is controlled by the integrators.

The real threat to the independent family farm is not, in most cases, the giant factory-scale corporation owned farm employing labor in large crews. Rather, it is through the imposition of a pattern of controls by centralized private authority over the existing family-farming pattern. It is a threat which would impose the domination of a few giant corporations over the farmer's independence as manager and entrepreneur. It is a pattern, the outlines of which are already clear, by which the farmer might remain on the farm, but would take orders from large business enterprise or a specialized management service in respect to what he should plant, when to plant it, how to grow it, from whom to borrow, and how much interest to pay, and to whom and when to sell.

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Thus "laissez faire" could result -- in agriculture as in other areas -- in the development of a system of pricing as well as production that would be administered by a powerful few. This is the threat to the American family farm -- an institution that has given to this Nation the most efficient and productive agriculture the world has ever seen, as it has provided consumers with the best food bargain the world has ever known.

THIRD, the CED Five Year Plan proposes to force human resources out of agriculture without considering basic human factors that would be involved. This is in sharp contrast with the Administration's program to attack rural poverty by a rural areas development program designed to maximize total economic opportunities in rural areas.

Where the CED program would, by its massive shift of labor out of agriculture, shift a share of the problem of rural poverty from rural to urban areas and even threaten the very existence of towns and villages in those regions where millions of acres would be taken out of production, the Administration program would seek to maintain the optimum farm population in rural areas and encourage diversified job opportunities to supplement part-time and part-retirement farming.

In planning to take millions of farmers off the farms the CED has not taken into account the fact that over two thirds of the farmers who sell less than \$10,000 worth of farm products annually are over 45 years old. These farmers are at an age

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where vocational training and placement cannot help very much in getting non-farm jobs in today's competitive market. They are at a time of life where roots are deep in their home communities.

FOURTH, the CED program emphasises the idling of land but ignores a basic philosophy of the Administration program which emphasizes, instead, the wise use of resources. The CED proposes no plan for using our land for recreation or conservation -- to provide facilities and services of which there is real scarcity and need rather than abundance.

These four points highlight major differences in approach, emphasis, and direction between the CED and the Administration programs. Both programs recognize that farm incomes are too low. Both seek reduced Government costs. And both recognize the need for balance in agricultural production.

The Administration proposes government assistance to gear production to the amount that can be used, with price and income stabilization at fair levels.

The CED proposes an agriculture with no price or income protection, and a forced draft of people out of agriculture impelled by the hardship resulting from a sudden drop of prices to the "free market" level.

It further proposes to cushion this hardship for a five year period of adaptation by 3 forms of payments:

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- (1) Farmers in the Plains area could receive cropland adjustment payments on 20 million acres (or more) now in wheat and feed grains, to accomplish its conversion to grass.

(After five years farm income in this area would decline drastically. Relatively more farm people in these areas would have to seek non-farm jobs. The adjustment hardship placed on small towns and communities in this area would be far greater than in other areas, yet no provision is proposed for assisting these communities in making adjustments.)

- (2) A five-year, whole farm soil bank program would be inaugurated to hold feed grain production below 155 million tons -- about the current level of total utilization.
- (3) Producers holding acreage allotments for wheat, rice, and cotton (but not tobacco or peanuts) would be eligible to receive temporary income protection payments starting at a level equal to the difference between the free market prices and 1960 prices, and declining 20 percent each year to zero after the fifth year.

(Previous direct payment proposals of this type have not been well received by Congress, and there is no evidence of greater receptivity at this time. If a major exodus of people from agriculture did not occur while payments were being made, farmers would be left in an income void with the termination of payments. They would have little prospect of further assistance, and they would have abandoned the gains achieved under established programs.)

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I should like to analyze this Five Year Plan from the point of view of its probable cost to the Government, the probability of its achieving its goal of decreasing the farm work force by two million in five years, and its potential effect on farm income.

1. Cost to the Government of Proposed Program

Program costs under the CED program in the years immediately ahead would be high. Approximately \$3 billion of current Agriculture budget expenditures (forestry, research, Food for Peace, etc.) would not be directly affected, and would continue to be incurred. In the first year, the CED program would involve expenditures of some \$1,200 to \$1,400 million for income protection payments on wheat, cotton, rice, tobacco, peanuts, and dairy products (the latter three were apparently overlooked by CED). In addition, there would be expenditures of \$200 to \$250 million per year to turn 20 million acres of Plains land to grass. Some \$600 to \$700 million would be spent on a general cropland retirement program to hold feed grain production down to 150 -- 155 million tons (from a potential 170 million tons with \$1 corn), so that stocks can be reduced. Current expenditures of around \$900 million to carry existing commodity carryovers, and \$250 to \$300 million for the present Conservation Reserve would continue in the first years of any new approach.

These expenditures would exceed \$3 billion and perhaps reach \$3.5 billion in the first year, and would replace expenditures of \$2.5 to \$3.0 billion actually made on price and income support operations in recent years. In addition, there would be substantial costs incurred for migration assistance, but these have not been estimated.

Only the income payments would be reduced according to a schedule, while the soil bank payments would be cut off abruptly in 5 years. The Great Plains Program payments would need to be continued at a high level for 5 years because of lack of other income from the land.

By the end of 5 years, however, the CED Report contemplates substantially lower government costs, although carrying charges on commodity inventories would remain, since the plan includes no provision for reduction of these inventories. But the Administration program is also directed toward reduction of government costs, and would reduce price support expenditures sharply by 1967.

Thus, both the CED and Administration programs share the key objective of reducing costs. But under the CED proposal agriculture would end up with far less total income, and if the movement off farms were not very rapid, with substantially less income per farm.

2. Probability of Decreasing Farm Work Force by 2 Million in Five Years

This, as I have already indicated is the central goal of the CED plan and is the basic premise on which its success depends. This unprecedented rate of exodus from farming is highly improbable of achievement. Moreover, the CED has apparently not been concerned with the class of farmers from which this out-migration would principally occur.

If, for example, we were to move out of agriculture and into improved non-farm job opportunities the least productive 44 percent -- grossing less than \$2,500 a year -- we would go a long way toward solving the problem of rural poverty for this group. But we would reduce total farm marketings by only 5 percent, and the remaining 66 percent of the farmers would have to face the disastrously low level of unsupported prices on high unrestrained production level.

If two million farmers were moved out of commercial agriculture (grossing over \$2,500 per year) the decline in production would indeed be drastic, at least until science, technology and machinery could catch up.

Probably there would be some out-migration from all income classes of farmers. If trends of the past few years were to continue most of it would come from the \$2,500 to \$5,000 gross income class. It is our best judgment that this out-migration could be forced and accelerated somewhat -- although not to the extent of 2 million in 5 years -- if we wish to pay the price in increased competition for non-farm employment, increased social and economic problems in urban areas, and the drastic decline in business on main street in small towns of rural America. It is also our best judgment that, even if we were to pay this price, the out-migration would not be sufficient to leave adequate incomes, under "free market" prices, to those who do remain.

3. Effect on Farm Income

One of the principles of the CED program is the immediate reduction of prices of agricultural commodities to the prices at which these commodities would clear the market without further accumulation of surpluses. In planning on this basis the CED makes a serious error by accepting \$1.00 per bushel for corn as its so-called "free market" price. There is almost unanimous agreement among economists who have studied the program that this equilibrium level for corn would be between 70 cents and 80 cents. Since the corn price affects all feed grains, this one error seriously affects the whole five-year adjustment program. By accepting this error the CED avoids having to face the problem of excessive production of meat and milk that would result if corn dropped to 75 cents. CED makes no provision for cushioning the effect of a possible billion dollar decline in net farm income for milk. The glut of livestock would lead to a drastic drop in meat prices to almost disaster levels and the farm income squeeze would consequently hit a group that, up to now has been comparatively well off.

Specific Potential Income Results

The CED hopes for improving "the profits of agriculture" are based on the prospects for dividing a smaller total farm income among fewer farmers. The potential effect on farm income therefore would depend on (a) how many farmers were left, (b) how productive the remaining farmers would be, (c) the income that would result from the "free-market" prices at that level of production.

We are therefore presenting here preliminary estimates as to prospective income levels -- after five years of the CED plan -- based on three different assumptions -- ranging from A as the least probable, B as more likely -- and C as most likely to result. Under A we assume the out-migration of two million farmers, all from the commercial economic class. Under B we assume two million out-migration from all classes. Under C we assume what would most likely result -- a total out-migration of only 1 million, all from the commercial economic class. These estimates are preliminary -- but based on our best judgment of what would happen in the light of farm history.

Farm Labor Force 1961 and Projections
1966 Based on CED Proposal

| Economic Class (Value of Sales) | Farm Labor Force 1961 <u>Thousand</u> | CED for 1966 | | |
|------------------------------------|---------------------------------------------|--------------|-----------------------------|------------|
| | | <u>A</u> | <u>B</u> <u>Thousand</u> | <u>C</u> |
| \$5,000 and over | 3.7 | 2.2 | 2.7 | 3.2 |
| \$2,500 - \$4,999 | .5 | .0 | .0 | .0 |
| Under \$2,500 | <u>1.3</u> | <u>1.3</u> | <u>0.8</u> | <u>1.3</u> |
| Total | 5.5 | 3.5 | 3.5 | 4.5 |

Case A

We regard this situation as least likely to occur -- but if it could be achieved it might result in favorable income results for the better farmers, with a deterioration in the income of the lower 1.3 million.

In this case the reduction of 2 million would be in the highly productive group of commercial farmers. All of the \$2,500 to \$4,999 group would move out, and 1.5 million would move out of the over \$5,000 group.

Production would be expected to decline close to 10 percent, but with population growth, the per capita supply of farm products would go down about 15 percent. Thus, prices would rise from the CED target prices to a level approximating the present.

Thus, total cash receipts would be reduced about 10 percent or some 3.5 billion dollars. The drop in government payments would add another 1.5 billion. Net income would decline about 4.5 billion or 35 percent (lower production costs would save 0.5 billion). Per worker net income would average about the same as in 1961 -- \$2,900.

Case B

If the goal of transferring 2 million workers in five years could be reached at all, it would more probably happen as follows. Here, too, the \$2,500 - \$4,999 group would move out. Another half million workers would be taken from the low income -- low productive group and a million from the high productive group.

Production would rise about 5 percent, perhaps slightly less than the growth in population. CED target prices averaging about 25 percent below present might rise a little to a level about 20 percent below present. Cash receipts would drop about 17 percent or 6 billion dollars; and government payments to farmers in 1961 of 1.5 billion would also disappear. Net income to farm operators would decline to about 6 billion from 12.8 billion in 1961. This plus hired farm wage bill would result in net income per worker in agriculture of \$2,350 compared with \$2,900 in 1961.

Thus -- a decline instead of an increase in income per worker, even if 2 million should migrate out, from all classes.

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Case C

It is most likely, however, that the maximum exodus from farming that could be achieved under present circumstances in the next five years would be 1 million farm workers, approximately the rate prevailing in recent years. The reduction involves 1/2 million in the \$5,000 and over class and 1/2 million in the \$2,500 - \$4,999 class.

Production would increase about 20 percent, with per capita supplies about 12 percent higher than at present. Prices would decline below CED target prices to a level perhaps 40 percent below the present. Cash receipts would drop about 25 percent or about 8.8 billion dollars and government payments about \$1.5 billion. Net income would be reduced to perhaps 3 billion dollars, less than one-fourth of the 1961 level. Income per worker would be reduced to only a little above \$1,200 compared with \$2,900 in 1961.

SUMMARY

Our analysis of this CED Five Year Plan to end farm programs leads to these conclusions:

1. Its most likely effect on farm income would be a drastic decline.
2. It would not be likely to succeed in its goal of a two million reduction in the farm labor force; but if it should succeed that very achievement would place a serious burden on our program for economic growth, would provide increased competition for non-farm employment, increased social and economic problems in urban areas, and a drastic decline of small towns in rural America.

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3. Its abandonment of all farm programs would alter the nature of the Nation's agriculture and seriously threaten the family farm system that has created the world's most successful agricultural productivity.
4. The national economy and general welfare would suffer from the absence, in the CED program, of some of the major constructive aspects of the Administration's Food and Agriculture program, such as rural area development and the wise use of land resources to meet growing needs for conservation, wildlife and outdoor recreation.

* * * *

I therefore urge a careful study of the CED Five Year Plan -- a careful evaluation of its methods and potential results, for farmers, for wage earners, for taxpayers, for our urban population, yes and for the representatives of industry that developed it and placed it before the public. I urge its study in comparison with the Administration's program for Food and Agriculture in the 1960's. This kind of study, evaluation, and comparison will enable the people of this nation to make the wisest choice, a choice that will materially affect the well-being of every American.

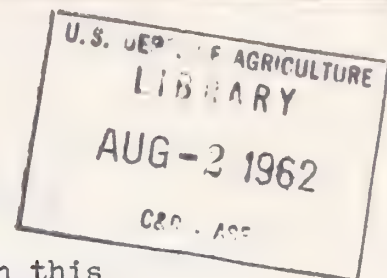
As I said at the beginning, I believe that the presentation of this CED report is the best thing that could have happened to stimulate interest in and support for the Administration's program.

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U. S. Department of Agriculture
Office of the Secretary



I am pleased that you chose for your topic of discussion this year the Alliance for Progress. This conference, since it began in 1948, has performed a remarkable service to the American people in promoting understanding and support of projects to advance economic and social development throughout the world. It has been my privilege to have served as co-chairman of this conference while Governor of Minnesota, and I am proud to be with you again today.

We formed this conference at a time when Democracy was testing a new idea that economic power could be a creative force in the hands of free men and free institutions.

One of the elements of that idea was the Marshall Plan, the greatest experiment in social and economic progress the world had ever seen. And today in the Common Market we can see the product of our willingness to rebuild the war torn economy of Europe. It is the most rapidly growing economy in the world and, next to ours, the largest consumer market. It is a powerful testament to the ability of free men and free institutions to create dynamic instruments of growth and progress.

We now have set out through the Alliance for Progress to accomplish a task more formidable than the Marshall Plan -- a task more formidable than any nation or any peoples have undertaken in human history. In one sense, we are seeking to continue the Revolution of the Americas we began almost 200 years ago. It was a revolution to gain political, economic and social justice, and we cannot stop it now.

Address by Secretary of Agriculture Orville L. Freeman at the National Conference on International Economic & Social Development, The Palmer House, Chicago, Illinois, July 19, 1962, 7:30 p.m., CDT.

I would like to discuss with you today how we might apply some of the lessons from our own experiment in economic growth to the problems which the Alliance must overcome -- particularly in terms of our experience in agriculture. I want to describe how the amazing success of the American farmer has provided the base for industrial expansion and economic growth, because in this one area I believe we may find a key which will enable the Revolution we began here to be completed in Latin America.

In the most practical sense, we seek to create an economy as productive and rich as our own in the Latin American nations -- an area which will have a population in 10 years as large as our own today -- and which is growing in size more rapidly than any other continent. The problems the Americas face are enormously greater than were those of Europe after the Second World War.

The Alliance for Progress will have to contend with illiteracy, hunger, social inequality, economic injustice and political instability -- the product of countless and interrelated problems which have accumulated for more than 400 years. The task of the Marshall Plan was infinitely more simple since the catalyst Europe required was primarily capital for the reconstruction and modernization of a highly developed industrial society.

I have a particularly keen interest in the Alliance for Progress because its catalyst will be an agrarian program which will offer great opportunities to the Department of Agriculture. I believe it is accurate to say that if the Alliance does not give as high a priority to agriculture as it does to other elements of the economy, then it will fail. The

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history of developing nations indicates that the revolution of economic growth cannot begin without first transforming subsistence agriculture to productive agriculture.

Let us look, then, at our own experience for some possible answers. Our agrarian experiment was given great impetus 100 years ago, in 1862, when this nation adopted three measures which have made invaluable contributions to our agricultural productivity.

*There was created in the national government the Department of Agriculture, described by President Lincoln as "the people's Department", to assist the farmers who then made up a majority of our population.

*The Homestead Act was passed, to give renewed impetus to the principle of the family farm -- the principle of ownership of the land by those who cultivate it -- that has always been the basis of American agriculture, and which must be the basis for a productive agriculture.

*The Morrill Act established our Land Grant College system, which has led the way in the application of research, experimentation and scientific progress in agriculture. Under this program has been developed an extension system through which new science and technology could make a maximum impact on agriculture because it was made available to millions of individual farmers throughout the nation, not only in schools and colleges, but also in their own communities and on their own farms.

These three measures, and the institutions that developed under them, had much to do with this nation's progress in agriculture from an economy of scarcity to an economy of abundance, a progress that equals our greatest discoveries in atomic energy and outer space. Not only have we met the earlier challenge of making two blades grow where one grew before, but we have gone far beyond to develop an agricultural system whose abundant output is one of the great marvels of the twentieth century.

The rise in productivity in American agriculture since 1862 can be measured in many ways. One of the most graphic is the number of persons supplied with farm products by one worker on the farm. One hundred years ago each farmer supplied 4-1/2 persons -- including himself -- little more than his own family. A half century later, in 1910, this number had increased to 7. By 1940 it was 10-1/2. In the decade between 1940 and 1950 the number increased to 14-1/2, with nearly all of the increase during the war years. Since 1950 the rate of increase has sharply accelerated, so that the number supplied by one farm worker today is approximately 27. Fewer than 9 percent of our labor force are engaged in agriculture today, as compared with 20 to 40 percent in much of Western Europe, over 45 percent in the Soviet Union, and 70 or 80 percent in many parts of the world.

This agricultural progress has provided the people of the United States with an unprecedented abundance of food and fiber. It also has made a significant contribution to economic growth in other segments of our economy. To those emerging nations of the world that are today desperately seeking the industrial development that characterizes economic maturity, the contributions of agriculture to economic growth are especially significant.

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As agriculture advances, the transfer of surplus labor from the farm to meet expanding needs for industrial manpower is highly significant. Industrial development requires a substantial and steady expansion of the labor force available for manufacturing and other non-agricultural occupations. Statistics show a very definite correlation between the decline in the proportion of a nation's manpower devoted to agriculture and the achievement of economic growth.

Agricultural progress likewise contributes materially to the capital formation that is needed for economic growth, particularly in early stages of industrialization. And the increased demand on the part of farmers for industrial products is an important stimulus to industry. Meanwhile, increased food supplies at relatively low prices mean that wage earners need to use less of their incomes to buy food. Thus their demand for other goods increases, and a rise in national output, income, and levels of living takes place.

In these and many other ways American agriculture has made a massive contribution to the economic development of the United States. Because such contributions are more critically essential in the pre-takeoff and takeoff stages of economic growth than they are after maturity has been reached, the most dramatic contributions of agriculture to the economic growth of this nation lie in the past. Substantial contributions will continue, in the future, as a firm underpinning of our national well-being.

The most dynamic contributions to economic growth that American agriculture can make in the years ahead will be in the underdeveloped areas of the world. Let me repeat, then, what I said earlier: The American experiment indicates that the Alliance for Progress will have the greater chance for success if Agriculture receives a high priority.

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Barbara Ward, the noted British economist, puts it clearly this way in her book, The Rich Nations and the Poor Nations: "If we do not change Agriculture, then we cannot change the economy."

The task of changing agriculture from a subsistence level to a level of abundance by means of private enterprise is formidable. It will not be easy, nor will it be done completely in five years or even in ten years.

Here are some of the problems which must be overcome.

The pattern of agriculture in Latin America is deeply rooted in 400 years of tradition and custom and will be the most resistant to change. New ideas and new techniques will be viewed suspiciously and will be met with resistance. It means that while we must encourage the long range programs which are not immediately visible to the people, our assistance must also be brought directly to the people if they are to feel it is beneficial, and therefore is something they will accept.

The pattern of land tenure complicates problems still further. It is estimated that less than five percent of the population in Latin America owns over 90 percent of the land in farms. The system -- called latifundia, or large landholdings -- enables, for example, only one-tenth of one percent of the farms in Brazil to occupy almost 20 percent of the farm land. In Chile, half of one percent occupy nearly half of the farm land. In Venezuela, where a new Agricultural Reform Law recently was instituted, about two percent of the farms occupy nearly three-fourths of the farm land. This relationship is repeated to a greater or lesser degree in each Latin American nation.

Those relative few who hold the land are not especially intent upon changing the form of agriculture to a pattern of individually owned and operated farms. And as long as the latifundia is the predominant pattern of land ownership, however, the tenant farmers will have little incentive to increase their output since any gain will go to the landlord. In like manner, as long as most of the others on the land own only enough to grub out a subsistence level of living, they cannot raise their productivity to sustain a developing economy.

The problem of establishing a family farm system of agriculture will be enormously difficult, but the compelling desire of the man on the soil to be his own master cannot be ignored. The redistribution of land will be bitterly opposed by many of the landlords. We faced similar problems from the land monopolists who opposed the Homestead act. A key test for many governments will be their courage and ability to cope with these pressures. Now this problem will be greater for some than for others since only five percent of the land in Latin America is under cultivation. I know that Argentina and Brazil still have substantial virgin land that remains open, and the westward expansion of our nation is an example of another avenue to the goal of the family farm ownership of the land.

In any event, whether the basis for a productive agriculture is laid by the distribution of large landholdings or through parceling out new land,

there remains a third barrier to agrarian reform. It is that the transformation of agriculture can be achieved only with enormous investments of capital.

If land reform comes through the redistribution of large estates, there will not only be the cost of providing fair compensation to the landlords but also the cost of replacing the credit, the supply of seed and tools, the technical direction and the marketing services which the farmer usually got from his former landlord. If reform comes by way of expansion to new lands, then it will require public investment in roads, in education and other social institutions. It will require investment in efficient marketing facilities, in seed, fertilizer and equipment. It will require substantial credit either through public, private or cooperative sources.

These problems are common to developing nations and we can look to the experience we have gained over the past 14 years of assistance programs for guidelines.

In my travels through the Middle East and Southeast Asia almost a year ago I found that many of the developing nations there had placed far too low priorities on agricultural development in their early planning. This situation has been corrected and agriculture has been given top priority in programs in Iran, Pakistan, India and elsewhere. These nations realize that savings at their stage of development must come from the land, for that is where the economy is centered. If these savings are not put back, there is no hope for a productive agriculture and little hope for economic development.

How can American agriculture contribute to the task we have undertaken in the Alliance for Progress? There are two ways. One is through the Food for Peace program, under which we have contributed \$9.5 billion in the products of our agricultural abundance to relieve hunger, to meet emergencies and to promote economic development. We already have increased the level of Food for Peace activity in Latin America, and we expect that the program will expand even more in the months ahead. In the past 18 months we have signed agreements for \$170 million worth of food and fiber. We estimate that in the next twelve months that deliveries will be over 40% higher than in the past twelve.

In the past, our food resources have been looked upon principally as a means to meet a disaster situation or as something to be dumped outside our own markets. Today our Food for Peace program is systematically being worked into economic development plans in those countries where we have agreements. It begins in the field with our agricultural attaches and the AID officials in each country and goes right on through to AID and to Agriculture and State Department officials here in Washington.

Thus food is not only going to meet hunger, but also to be turned into capital assets within developing nations. In some areas it is being used as wages to pay workers who are building roads or schools or other community facilities. In others, in Brazil for example, we are proposing a program to use surplus feed grains to provide the capital to finance a cooperative broiler industry.

We are finding, in general, that the Food for Peace program is a highly flexible instrument which can be applied to meet particular problems of /

nations. In Brazil recently it has enabled us to provide food supplies to northeastern sections of the country where there are serious food shortages. It can, as in Peru, be used to establish school lunch programs which increase school attendance as well as the level of health. This is a government to government program which, by 1965, will be reaching over one million children. Where the program is in operation, school attendance has increased about 40 percent. In Bolivia, the Food for Peace program is being used to establish a livestock industry. Throughout Latin America the phase of our Food for Peace program operating through volunteer agencies makes possible school lunch programs for more than 8 million children.

American agriculture not only can contribute the fruits of its productivity but also the know-how that makes this possible. During the transitional period when a country is striving for industrial growth, the need for food increases and the Food for Peace program helps to meet that need. But that need can never be fully or permanently met without a sharp increase in their domestic farm production.

To encourage such an increase in domestic productivity, technical assistance in agriculture is of utmost importance. Ever since President Truman announced the Point Four Program, technical assistance has been a part of our foreign policy.

Technical assistance in agriculture has taken many forms. First, there is the sharing of all kinds of technical and scientific knowledge relating to better farming -- including such things as irrigation, soil fertility, the breeding and development of better field crops and farm animals.

But this kind of assistance has limited value unless it is accompanied by education for those who cultivate the land, unless it includes

assistance in making the kind of social and institutional changes that will help bring about better use of both natural and human resources. We, therefore, offer technical assistance in the building of economic and social institutions under which economic growth can proceed in a free society.

One such example is found where basic principles of democracy along with economic progress are furthered by programs to assist in the organization of rural youth clubs patterned after the 4-H clubs in the United States.

An objective of these clubs is to encourage responsible citizenship and provide rural youth an opportunity to participate in constructive group activities in addition to the specific projects undertaken by the members. The members are given special training in how to conduct meetings, and the parliamentary procedures involved. Interest in the 4-H clubs can be illustrated by the fact that in Brazil 200 clubs have been organized with over 4,000 members, and Colombia has almost 600 clubs with over 9,000 members. In total, over 100,000 young people are in such clubs in nearly all Latin American nations.

Another example of the institutional development which can make essential contributions to agrarian reforms are the cooperatives. There are more than 14,000 cooperatives with almost five million members in Latin America today -- or more than double the number in 1950.

The example of a cooperative credit union in Peru illustrates more specifically what I mean. This particular cooperative is located in a farming region high in the Andes where farmers had been paying money-lenders as much as 50 percent interest per month for credit.

In 1955, 23 farmers formed a credit union with total capital of less than \$30. Since that time the membership has grown to over 4,000 and the capital increased to more than \$400,000. Interest rates are no longer usurious, and the money lenders are gone. As a result of these experiences, some 200 similar credit associations have been formed in Peru and the process is still going on.

The AID agency is now planning to locate a credit union training center for all South America in Peru which will be developed by the Credit Union National association.

Many other illustrations could be given of ways by which the institutional experience of American agriculture can contribute to the Alliance for Progress.

They include education at all levels: the training of scientists, of extension workers, and of the farmers themselves.

They include emphasis on research and experimentation.

They include the development of cooperatives through which farmers market their products and purchase supplies.

They include facilities for credit and the kind of supervised credit that makes for better management.

And they include a system of land tenure and private ownership of farms, under which efficiency and progress is stimulated by individual ownership and personal incentive.

The United States stands ready to assist the Latin American nations in the know-how to adopt and adapt such institutional patterns as these.

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In these few remaining minutes, I would like to emphasize that the effective contribution of all these institutional patterns may well rest on the way which the Latin American nations resolve the question of land tenure and ownership. Earlier I mentioned three major problems -- resistance to change, land tenure and massive investment. Of these three, the single aspect of institutional development, calling for individual ownership of the land by those who cultivate it, may be the major key to the future political and economic development goals of the Alliance. It has been a major factor in our development.

Political and social development in most of the emerging nations will be materially affected by the institutions that grow in the rural areas where most of the people live. If land tenure reform follows the pattern of individually owned and operated family farms, free institutions will be immeasurably strengthened.

Furthermore, all evidence we have indicates that both capital formation and increased agricultural productivity will be enhanced by this course. In an underdeveloped agriculture the incentive of ownership is a powerful mechanism for the creation of capital from labor by such means as digging wells and ditches, clearing land, building roads or terraces or buildings and rearing livestock. Underemployed labor is thus transformed into capital assets. This impetus to productivity is not achieved where the farmer lacks the pride of ownership and the opportunity for gain from his added effort.

On the other hand, repudiation of the principle of farmer ownership of his land has had serious results. Recent history shows what an appalling

price in hunger, food deficits, and lagging productivity has been paid where governments have sought to destroy individual incentive and ownership in agricultural production.

To those nations and peoples who face this choice, American agriculture can issue a challenge. No feudal estate, no state-owned farm, no plantation, no latifundia, no collective -- no one of these has ever achieved the abundant and efficient productivity of the American family farm. No one of these has ever produced an agricultural economy that has contributed so much to over-all economic growth. No one of these has ever equalled its development of a level of citizenship and sense of personal dignity and worth.

This is a part of the know-how that American agriculture offers to the Alliance for Progress. In the process, we ought to look carefully at some of the things that are happening in our own agriculture. This is not the topic for discussion here, but it does have a bearing on the effectiveness of the contribution which agriculture can make. Internally, our agriculture is undergoing significant changes and is being subjected to strong pressures. There are real dangers, for example, that we may drift into a corporate-type agriculture which will destroy the highly productive family farm system we now urge the developing nations to adopt. Thus, we could find ourselves with an agricultural system very similar to those we are trying to correct elsewhere -- a system with basic, inherent weaknesses.

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In closing let me emphasize that either we succeed in the Revolution of the Americas, or else we shall see a revolution of a much different sort. It will be a revolution foreign to the spirit of the American Revolution for it will bring Communism and with it the destruction of our vision of social and economic justice.

Make no mistake. The appeal of Communism is very real, for it proposes simple answers to the very complex problems of the people of Latin America. It promises land, but it provides none. It promises the discipline -- the easy shortcut -- to enforce the savings which agriculture must have to develop -- but it provides enforced serfdom. And in the experience of history, it promises food for the hungry, but it provides only more hunger and greater shortage.

But do not be deceived that we can expect history to provide the right answer, for history has provided the wrong answer in other nations.

We, therefore, embark on a new course, on a new experiment the likes of which man has never before seen in this the Kennedy Doctrine of the peaceful revolution.

I It means we must not lose interest in the revolution we launched almost 200 years ago. The dream remains the same but there is danger that our imagination will shrink so that we no longer can grasp it.

The future of our entire civilization may depend on how well we succeed.

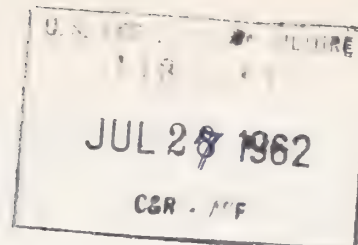
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Orville

21, 1962

WHAT WE DEFEND



You do me great honor in giving me this opportunity to speak to you tonight. Every man knows certain groups with whom he feels particularly at home -- with whom he has an especially close kinship -- and for whom he entertains the deepest respect and admiration. Tonight, for me, all three sentiments are joined as one.

To say that I feel a glowing pride in having been a member of this great Marine fraternity is one of the major understatements of my life.

The other day in an article on the history of this "Workhorse Division," I came across this sentence: "Few men imagined at the time of the Guadalcanal training that they would one day in the near future look back on the island as a tropical paradise in comparison to Bougainville." How true that was! We saw enough rain and mud and swamps and jungles on that God-forsaken island to last us a lifetime, and then some. It rained for twenty-one of the first twenty-three days after the Division landed on Bougainville. I was lucky -- I was out in nine days with a case of "lead poisoning." I still recall what some of the boys who put me in an amphibious tractor said: "It's a good thing they hit you in the head or they might have hurt you."

Looking back it doesn't seem so long ago. It's a bit of a shock to realize the the names Guadalcanal, Bougainville, Guam, and Iwo Jima are of 20-year-vintage.

Remarks by Secretary of Agriculture Orville L. Freeman at Eighth Annual Reunion of Third Marine Division Association, Mayflower Hotel, Washington, D.C., July 21, 1962, 7 p.m. (EDT).

But the reactivated Third is still in the Far East -- still "the movingest, readiest, fightingest outfit in existence" -- patrolling and defending a big and important beat.

What is it that the Third Division was and still is defending? A few weeks ago President Kennedy said at West Point:

"Eighteen years ago today, Ernie Pyle, describing those tens of thousands of young men who crossed the 'ageless and indifferent' sea of the English Channel, searched in vain for a word to describe what they were fighting for. And finally he concluded that they were at least fighting for each other."

That was a good statement. I talked to few men 20 years ago who could or tried to answer why. But we all knew deep down. Now in the years since World War II we have come to see more clearly that we really fought for a larger issue we can put in one word -- for "freedom."

That war, the Korean war and today's cold war were and are waged for the belief that men have rights to life, liberty, and security of person -- to freedom from aggression -- to freedom of thought and expression, of conscience and religion -- that they have a right to freedom to grow, to develop, and to work in peace to acquire the material needs for a decent living -- or, to sum it up, that we all have the right to be individuals.

In the past 20 years there has been a growing realization of what is at stake in the world, of how important freedom really is and how we must work at it in this constantly more complicated world if we are to retain the right to be individuals.

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It is vital that we understand these values and are ready to fight for them. Only when men and nations are ready to stand, and fight, and die if necessary for principles and convictions will the principles triumph. And although timid voices are heard on occasion, I believe this nation understands better what freedom means and is much better prepared to fight for it today than we were on December 7, 1941, over 20 years ago.

I believe this not only in terms of our willingness to fight a war if forced to do so but also in our growing understanding we must fight to win the peace. In many ways this is harder to do and harder to learn. But we are learning. To be sure there are still many people who have not learned that we cannot defend our way of life by building a wall around it, instead we must extend our appreciation of freedom throughout the world, for as we do so we will be extending a Revolution which we began in this nation almost 200 years ago -- a revolution which brought to us the very things which millions of people are seeking in both peaceful and violent ways throughout the world. And we can't stand still, we must always press forward else we inevitably slide back. We must keep our Revolution, which proclaims the rights of man, always on the move -- on the offensive.

I want to describe to you a few ideas I have as to how we in this country can strengthen some of the more effective means we have for extending this revolutionary spirit and keeping it moving ahead. They involve my current field -- Agriculture, which represents a success story without rival in history. We may still think and talk in terms and phrases of an age of scarcity, but we live today in an age of abundance -- an age we entered when our farmers ended the need to fear the threat of not having enough to eat. We are learning there are many ways that this accomplishment can be used to extend freedom throughout the world.

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These ideas apply particularly to how we can build lasting friendships in countries where 70 to 80 percent of the people still live on the land. In the process I hope to leave you with a better understanding of the fact that what happens to agriculture in this country does not affect just a small group of people who are farmers -- it affects all of us.

Let me spell it out just a little. A hundred years ago, each American farmer supplied farm products on the average for 4-1/2 persons -- including himself -- little more than for his own family. By 1910 one farmer could supply the needs of seven. By 1940 it was 10-1/2. Between 1940 and 1950 it rose to 14-1/2, with nearly all of the increase coming during the war years. Since 1950 the rate of increase has sharply accelerated, so that the number supplied by one farm worker in the U.S. today is approximately 27.

What does this mean? It means that fewer than 9 percent of our labor force is engaged in agriculture today, as compared with 20 to 40 percent in much of Western Europe, over 45 percent in the Soviet Union, and 70 to 80 percent in many of the underdeveloped parts of the world.

It means that our agriculture is now producing abundance for our own people and for many hungry millions abroad through the Food for Peace program. We are doing it with the fewest acres in crops since 1909, and with fewer people on farms than at any time since the Civil War.

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It means that the American experiment has achieved an amazing success in agriculture while the communist experiment has failed miserably -- and this is one of the key differences between these systems. In assessing the communist system for strengths and weaknesses, we know they have industries as efficient as some of ours and that their educational system turns out competent scientists and technicians. We are well aware of their progress in rocketry and missiles. But there is no more striking difference than in agriculture.

The contrast is vivid: Red China, where the much heralded agricultural revolution has now completely broken down; Cuba, where in three years communism has wrecked the agricultural system; Russia, where Khrushchev openly confesses that the Soviet Union must "radically rebuild the apparatus of agricultural management" -- and East Germany, Poland, and Hungary where the communist leaders admit they face widespread shortages of meat, milk, and butter.

These are four tremendous hammer blows against the communist myths -- and their meaning must not be lost on the world's people. Let me describe some of communism's internal problems more specifically.

It is becoming more and more apparent that one of the basic causes of the complete breakdown of the agricultural economy in China is the communist system itself.

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Collectivization began in 1955. Soon the fertility of the better cropland was depleted as conservation programs were ignored. Farming tools wore out faster than they were replaced. Traditional rotation and complex interplanting systems were destroyed. Peasants became apathetic and indifferent. Poor weather conditions in 1960 and 1961 simply aggravated this communist-created chaos. The need for food has now taken precedence over the need for industrial development, and the Chinese government is reported to be increasingly bewildered by its mounting problems. The communist leaders are forcing millions of urban workers to leave the cities for rural areas, and there is a growing number of people who are reported to be aimlessly drifting. Begging, petty crime and lawlessness are said to be increasing.

Food output has not increased beyond the 1958 level -- and it may even have declined -- while each year China has 15 million new mouths to feed. Even with the heavy expenditure of foreign exchange for food supplies, the daily calorie level of the average Chinese is believed to be falling from 1800 to around 1500 -- a level where there is little energy for physical labor.

The crippling hand of communism is equally evident in Cuban agriculture. When the Castro government came to power in January 1959 Cuba ranked third among the 20 Latin American countries in per capita food consumption.

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By 1961, consumption of food had dropped over 15 percent and Castro began to ration fats and certain meats. In March of 1962, rationing was extended to rice, beans, poultry, eggs, fish, milk, potatoes, sweetpotatoes, malanga, and other vegetables. This year sugar production dropped below the level of commitments which Castro is believed to have made to the Iron Curtain bloc.

Cubans now get, per capita, one-third less fats and beans and over 40 percent less rice than they did in 1958 before the Castro take-over. In Havana, consumption of meat has been cut back about two-thirds, consumption of fish more than one-half, consumption of milk for all persons over 7 years of age by one-half, consumption of chicken by almost two-fifths, and consumption of eggs by about 30 percent.

An agricultural economy that was rapidly growing has been completely disrupted by misdirected agricultural "reform." There was need in Cuba for land reform, but Castro has taken privately held land and made it into state owned, rather than family owned farms. Over 41 percent of farm land is in state owned farms.

Surely this is a dramatic illustration showing how the farm economy of a once prosperous agricultural nation has been undermined in the very first years of communist control

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In Russia, Nikita Khrushchev only last October stood up before the party Congress in the Kremlin, waving two ears of corn and boasting that Russian agriculture would soon overtake American agriculture. But the people today are confronted with shortages of butter and meat -- with higher food prices put into effect earlier this year. The increase in prices was to provide more capital to expand food production, but no corresponding order has been given to increase the production of fertilizer and machinery.

Khrushchev, in March of this year, openly confessed the Russian failures in agriculture. Production, he said, is far behind the goals for wheat, grain, and dairy products. Midway in the seven-year agricultural plan, production of grain is lagging by about 11 percent, milk by 20 percent, meat by 25 percent.

"We've been striving for 40 years," Khrushchev scolded, "to attain the present level of production. Now we must do two or three times as much, and not in 40 but in just a few years."

He called for doubling farm machinery production -- which is from 50 to 85 percent behind schedule, boosting fertilizer production -- which is also far behind schedule, and sending boys and girls from the cities to work on the farms.

There is evidence that Khrushchev's troubles are not over. The grain harvest this year may suffer from the lack of farm labor, and indications are that the yield this year will be no better than last year -- which was a poor year.

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Many factors have combined to bring about Russia's difficulties in agriculture -- including inadequate funds for agricultural development -- problems of climate and soils -- and over-large farms. But a basic difficulty again is the communist system with its lack of incentive.

Conversely, the American family farm is the most effective economic producing unit that has ever been developed in the history of agriculture. Why? Because the family owns it, operates it, takes responsibility, and exercises initiative. Under that system, people have incentive to work, to study, to learn, and to go forward. A family manages best what is its own.

The success of our system of agriculture can be the most powerful instrument in making Democracy, and not Communism, the revolutionary force in the world of the 1960's.

We need this kind of powerful instrument in our efforts to extend the freedoms we enjoy to other people and other nations in the world. When most of the developing nations are agrarian countries where 70 to 80 percent of the people live on the soil, then the achievement of the American farmer becomes a gleaming, potent weapon in the arsenal of freedom.

For a moment here I would like to describe two particular ways in which we can use our agricultural achievement to great advantage in assisting other people.

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One is through the Food for Peace program under which we have contributed \$9.5 billion in the products of our farm abundance to relieve hunger, to meet emergencies and to promote economic growth. Over the years, we have found this program to be a highly flexible instrument through which we can do an amazing number of things.

In the past our food resources have been looked upon principally as a means to meet a disaster situation -- or simply as a problem to be dumped outside our own markets. But today the Food for Peace Program is systematically being worked into economic development plans in the countries of Latin America, Africa, the Middle East and in Southeast Asia where we have agreements. This begins in the field with our agricultural attaches and AID officials and continues right on through to AID, State and Agriculture officials in Washington.

In South America, the Food for Peace program is used to develop school lunch programs for millions of children who, until now, have not had either an education or enough to eat. It also is being applied to finance poultry and livestock cooperatives which will begin to build more productive sources of food. In Africa and the Middle East, the Food for Peace program is providing food as wages to people who are building roads, irrigation projects, schools and other community improvements. In Asia, the Food for Peace program is an integral part of efforts to control inflation in a number of nations. Throughout the areas where we have committed our food, it is being used to fight hunger and starvation wherever this danger arises.

American agriculture not only can contribute the fruits of its productivity but also the know-how that makes this possible. When developing nations begin encouraging economic growth, the need for food increases and we can help to meet that need through the Food for Peace program. But that need can never be fully or permanently met without a sharp increase in their own farm production.

To encourage this increase, we can provide technical assistance of many forms. First, there is the sharing of all kinds of technical and scientific knowledge relating to better farming -- including such things as irrigation, soil fertility, the breeding and development of better field crops and farm animals. For more than a decade we have carried out projects for locust and other insect control in the Near East, South Asia and parts of Africa with the cooperation of the nations in those areas. There are today more than 1,200 American technicians and experts abroad, helping with projects ranging from the reclamation of waterlogged and saline lands to the raising of poultry, livestock and grains.

This assistance also must be accompanied by technical assistance of another sort -- the building of democratic economic and social institutions under which economic growth can proceed in a free society.

Let me cite you one example of the type of democratic institution I mean. In Iran the government has begun a land reform program to give the peasant his own farm because that is the most efficient means of food production. In order to make this program succeed, some way had to be devised to provide credit to the farmer. In the past, the peasants were paying the equivalent of 50 to 200 percent interest for their credit. This throttled any ambition.

With the advice and counsel of American experts, a supervised agricultural cooperative credit program was launched through which the peasant now pays 6 percent for his credit. To date, nearly 1,000 credit cooperatives with 300,000 members have been organized serving nearly 1.5 million farm people.

We can, I believe, extend the borders of freedom to far distant corners of the world by applying our agricultural experience to help solve the basic agrarian needs of the developing nations. We can make friends this way with millions of people struggling for a better life -- we can make them our friends before frustration and hopelessness makes them our enemies.

In this way the American farmer stands on the battle line for freedom utilizing food and our skill in producing it as a weapon for peace and a killer of hatred and hunger.

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Thus far I have talked about American agriculture as a key instrument in democracy's arsenal. In these last few minutes permit me a few words of deep concern about the future of our own domestic agriculture. If we are to maintain its strength, there are certain things that must be done here at home to keep it vigorous and healthy.

This is a message which I have tried to carry to the American people in every possible way over the past 18 months. I have traveled from one end of the country to the other to tell this story. I have told it to the Senate of the United States -- and I believe I was fairly successful in that effort. I have told it to the House of Representatives -- and was less successful there than I would like to have been.

And tonight, I am here to tell it to the Marines.

I am asking you as American citizens to help the family farm -- to help put it in the best possible position to maintain its strength as a gleaming, efficient partner in the long struggle to win the battle for freedom.

There is a very real danger that the family farm -- the shining example of American agricultural ingenuity which we want to share with the world -- will be pushed aside if we fail to adopt a sound farm program. Our leadership would be seriously damaged if we were to say to the world that we think the family farm system is the best answer to hunger -- and then allow that system to fade and wither for want of common sense agricultural legislation.

In the past few weeks, programs which will provide the best possible solution to resolving consumer, taxpayer and farmer interests in agriculture have been blocked in the Congress. We cannot afford to put the family farmer on the altar of politics and greed, but there is the danger that politics and not common sense will carry the day where agriculture is concerned.

The problem we face in agriculture is one of abundance. This is a happy problem in comparison to those of the communist nations -- and a problem I am certain they would be glad to exchange for their critical problem of scarcity. Left unsolved, however, our problems could result in very serious consequences for farmers, rural communities, and the entire economy. They could cripple the ability of American agriculture to meet its national responsibilities.

For our agriculture the goal of producing abundance has been succeeded by the problem of using it -- and balancing it in such a way as to return to farmers a fair share in the nation's prosperity while continuing to produce food at fair prices to the consumer without the heavy costs that surpluses have placed on the taxpayer.

There are many persons who, for reasons I frankly cannot understand, live in a world of fantasy so far as agriculture is concerned. They seem to believe farmers will be content to go on forever as a disadvantaged and depressed segment of the economy and that the taxpayers will tolerate piling up surpluses we cannot use effectively. They refuse to see the crisis of abundance. They act as though nothing is wrong.

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Is nothing wrong when a man works to become more efficient than anyone thought possible -- and then receives less and less as he becomes more and more proficient? That is what the family farmer has done.

Is nothing wrong when the total income of the average person on the farm is more than 40 percent below the income of the average person off the farm?

Is nothing wrong when one-half of the nation's families who live in poverty with annual incomes of under \$2,500 are concentrated in rural areas?

For the past 18 months we have been seeking to expand the opportunity of the American farmer to share more adequately in the fruits of the abundance he produces. We have made some progress, but it has been quite a battle. In this struggle my training and background as a Marine has indeed been a source of strength.

Our objective is to see American agriculture fully equipped and fully prepared to meet its particular responsibilities to the nation -- as well equipped and prepared, I'd like to think, as is the Third Division to fulfill its particular responsibilities. To succeed in our defense of freedom, all elements must work together -- the economic as well as the military.

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I seek your understanding and support in our effort to provide the American family farmer the opportunity to share in the nation's economic growth and prosperity. This, too, is one of the freedoms we must defend, for in maintaining that freedom we emphasize the one particular part of our Democracy which demonstrates that hunger does not necessarily have to be a way of life. And, if we can show this one fact well enough to the world, we will have made freedom more secure than ever before.

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INCREASING AGRICULTURAL EXPORTS

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It is a great pleasure to welcome all of you to the Department's first "E" Award ceremony. I extend special greetings to representatives of the award-winning firms and organizations who have traveled great distances to be here today -- and to Members of Congress who have taken time from busy schedules to be with us.

Twenty years ago, when we were in the middle of a shooting war, the "E" Award was developed. It was a means of recognizing the outstanding contributions of manufacturing concerns to the total war effort. Today we are in the middle of an economic war. Our prime objective in this contest is to expand markets for American industry and agriculture and, at the same time, to bring about a better balance between the outflow and inflow of American dollars.

For several years more dollars have been going out of the country than have been coming back. This unfavorable balance of payments is not in the best interests of the United States. It hampers our efforts to defend and to strengthen the democratic principles which we share with other countries of the Free World.

It is important, therefore, that we expand foreign sales. I am happy to recognize today the outstanding efforts of 9 agricultural firms to step up exports of agricultural products. These firms not only have opened up good markets for our agricultural abundance, which helps our farmers, but also have done much to help correct the imbalance of dollar payments, which benefits all Americans.

The very prosperity and stability of American agriculture is tied to our success in maintaining and expanding foreign markets for our agricultural

Remarks by Secretary of Agriculture Orville L. Freeman in presenting "E" for Export awards to Industrial Firms Exporting Agricultural Products, Patio, U. S. Department of Agriculture, 11 a.m., July 30, 1962.

abundance. Foreign markets account for the production from one out of every five harvested acres in the United States. American farmers are exporting 15 percent of their production, as compared to 8 percent of the Nation's non-agricultural production.

In fiscal 1962, we exported a record total of \$5.1 billion worth of agricultural products--wheat, feed grains, rice, cotton, tobacco, fats and oils, fruits and vegetables, and animal products. For several of these products, more than 50 percent of total U.S. production went into export channels. One-fourth of our Nation's total exports were agricultural--\$5 billion out of \$20 billion.

Last year--the year ending June 30, 1962--we smashed all records for agricultural exports. In value terms, we hit a new high of \$5.1 billion--a 4 percent jump from the previous record of \$4.9 billion established in 1961. Foreign sales of some farm products were more than 50 percent of total production. One-fourth of the nation's trade outflow was in agricultural products--5 out of 20 billion dollars.

Sales in dollar markets were the largest on record--\$3.5 billion, or a hundred million dollars over the previous high.

We shipped abroad some 715 million bushels of wheat and wheat flour. The previous high was 660 million bushels in 1961.

We pushed the export of feed grains to a new record of 14 million metric tons--3 million more than the previous high of 11 million metric tons.

Exports of soybeans went up from 143 to 147 million bushels; soybean meal went from the previous record of 649,000 short tons to nearly a million.

We moved 300 million pounds of American poultry meat in international trade -- nearly 100 million more than the previous high.

These are impressive gains. Their real significance lies in the fact that the astonishing productivity of American agriculture is now, and can increasingly be, a factor of the utmost importance in our balance of payments situation.

These gains did not just happen. They had to be earned; we had to work for them. They were won, in very considerable part, by the vigor and imagination of concerns and organizations like those we honor here today. It is more than mere coincidence that this first "E" Award ceremony in the Department of Agriculture should come as the climax to a record-breaking export year.

From this experience we know that foreign markets hold great promise. During the decade of the 50's for example, we saw our agricultural exports increase by 84 percent while domestic production was rising only 14 percent. We can do even better during the decade of the 60's as growing prosperity creates new purchasing power all around the world.

The potential is great, no question about that. The market IS there. And we have the products to supply the market. We have the transportation, the shipping, and the other necessary facilities to get them there. The potential is especially good in the six Common Market nations of Western Europe--already our biggest customer for agricultural products.

Despite the great potential for expanding markets in Western Europe, there is some apprehension over trade policies of this important dollar market. It appears that Common Market policy will be set to strongly favor internal suppliers over outside suppliers, especially for some agricultural commodities. It is imperative that we resolve this problem favorably, and the Trade Expansion Act of 1962, now before Congress, is our strongest assurance that we will be able to do so.

Armed with the additional authority of this legislation, this Administration would be in a stronger position to negotiate for the most liberal trade terms possible, not only with the Common Market but with all our trading partners. And as new concessions are gained through negotiation, we can expect further expansion of markets abroad. That's the whole purpose of the extremely active foreign market program between the Department and industry cooperators. Many of the award winners here today cooperate with our Foreign Agricultural Service in this very important program which is going forward today in more than 50 nations.

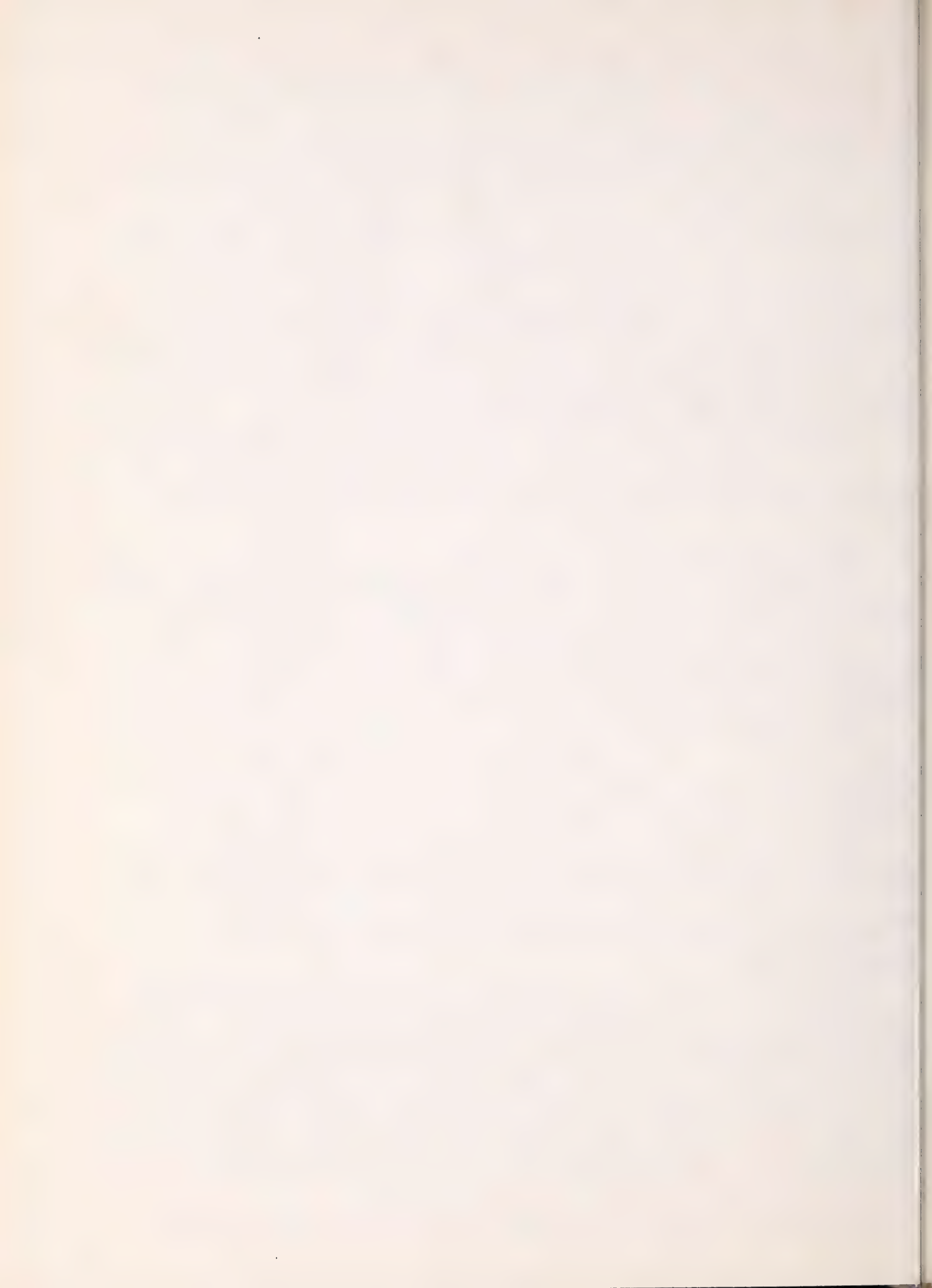
I would like to call particular attention to the fact that in the foreign marketing of farm products we find one of the best examples of how industry and government can work together for the benefit of all our citizens. There are certain things that industry does best -- promotion and selling, for example. There are other areas in which government is able to make a particular contribution -- negotiating with other countries for access to markets is one example. Specialized services by our Foreign Agricultural Service and agricultural attaches stationed overseas are another important government contribution.

Together we are making progress. Our agricultural exports have been brought to new levels. Together we can build new export records in the future.

This industry-government cooperation has already produced many increases in foreign sales of U.S. farm products. Probably the most spectacular example of this was the development of the West German market for American poultry. A few years ago they bought no poultry from us. Today they are buying well over 100 million pounds a year. Such success comes when we apply good old American ingenuity and sales know-how to export problems.

The firms which will receive the Presidential "E" Award here today have applied the kind of ingenuity I am talking about to the problems that are sure to arise when you become serious about selling products in foreign commerce.

As winners of the "E" Award, they are entitled to use the "E" symbol in their advertising, to fly the "E" flag over their plants, and to present "E" pins to all employees. I hope these awards will inspire their organization, and others in agriculture, to put their best efforts into this important task of creating greater foreign markets for the products of American farms. I can think of no other area where the rewards for our efforts can be as great.



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1 I warmly commend the citizen groups and the sponsors of the proposed

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Upper Rock Creek Watershed Project for their vision and determination in developing this far-reaching plan for development of the natural resources in the area.

It is especially fitting and perhaps symbolic that this comprehensive watershed plan, featuring a high degree of cooperation between rural and urban interests and involving resource protection and recreational benefits to a major metropolitan area, should be developed for the first time on a historic stream that bisects the Nation's Capital.

The main thrust of the Administration's agricultural program for the 'sixties is to develop the resources of America for the benefit of all our people. This requires the meshing of National, State and local action to assure an adequate and stable level of income for farm and rural people, to protect our land and related resources, and to provide more open space and recreational opportunities for our expanding urban population.

Orderly economic growth and sensible social progress demand a systematic alignment of physical and human resources to produce the greatest benefit for all citizens. This is the essence of the Department's program for the 'sixties-- and it finds expression, I believe, in the integrated watershed approach represented by the plan presented here today.

This proposal for the Upper Rock Creek Watershed is tangible evidence of the way in which the Department, working with local government and local organizations, can help both rural and urban citizens to solve land use and conservation problems in areas where town meets country and land uses intermingle.

Remarks by Secretary of Agriculture Orville L. Freeman at a meeting in his office at 11:30 a.m. (EDT) Friday, August 3, with representatives of the Montgomery (Maryland) County Council, the Montgomery Soil Conservation District, and the Maryland-National Capital Park Planning Commission. The group presented the Secretary a work plan for the proposed Upper Rock Creek Watershed Project in Montgomery County, Maryland.

Watershed conservation projects like this plan for Upper Rock Creek provide an essential base for the broader framework of rural-urban planning needed everywhere in America.

Orderly and discriminating use of our rural lands will enhance the role of agriculture and the well-being of the people who make their living in agriculture. It will help to prevent growth of suburban slums as well as rural blight, protect urban and industrial water supplies, preserve open space needed for future growth, develop added opportunities for wholesome outdoor recreation in the vicinity of our concentrations of population.

This area in the Upper Rock Creek Watershed is one where a common solution of farm problems and those of an urban people seeking space for living and outdoor recreation can be found in conservation principles and in multiple-use of private lands.

This project embraces a watershed in and near the one city which belongs in a unique way to all of the people of this great country. For that reason, it may well serve to demonstrate to the Nation as a whole, what local and national institutions, working together, can accomplish to put our incomparable resources to the best use for our people.

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STATEMENT
of
The Secretary of Agriculture, Orville L. Freeman
on
H. R. 11970 (The Trade Expansion Act of 1962)
before the
Senate Committee on Finance
Wednesday, August 15, 1962

Mr. Chairman and members of the Committee:

I am particularly pleased to meet with you today because it gives me an opportunity to report on the latest figures, showing that American agricultural exports have set a new record.

We recently put together figures on farm product exports for the 1962 fiscal year that ended June 30, and they add up to some impressive new records, both in total and for a number of individual commodities.

As a result of a lot of hard work by many people in government, the trade, and agriculture, assisted by the export programs provided by this Congress, the United States is doing an unparalleled job of moving farm products to foreign consumers.

Passage of the Trade Expansion Act of 1962 is essential if we are to maintain, and expand this tremendous export movement.

Let me be specific about these new agricultural export records. They are impressive and worth citing in some detail. They indicate the huge stake that both American farmers and business people who supply and service agriculture have in our nation's agricultural trade and therefore in passage of this bill.

On a value basis, our agricultural exports reached a new high peak of \$5.1 billion this past fiscal year. This was 4 percent greater than the previous record of \$4.9 billion in the 1961 fiscal year.

(For the sake of precision, let me add that this figure represents 11 months of actual exports with an estimate for June. The final figure will be very close to the one at hand today.)

Let me list some individual records established last fiscal year:

1. Wheat and wheat flour -- An all-time high of 716 million bushels; previous record, 661 million bushels.
2. Feed grains-- An all-time high of 14 million metric tons; previous record, 11 million metric tons.
3. Soybeans -- An all-time high of 147 million bushels; previous record, 143 million bushels.
4. Soybean meal -- An all-time high of over 1 million short tons; previous record, 649,000 tons.
5. Poultry meat -- An all-time high of 300 million pounds; previous record, 204 million pounds.
6. Tallow -- An all-time high of 1.8 billion pounds; previous record, 1.7 billion pounds.

These record shipments represent two approaches, both different, both successful. One is selling our farm products for dollars -- our historic approach to world marketing. The other is exporting U. S. commodities to friendly but dollar-poor countries under the Food for Peace program, which is largely based on Public Law 480.

The value of our agricultural exports to dollar markets last year reached an all-time high of \$3.6 billion. That exceeded the earlier record of \$3.4 billion sold abroad for dollars in fiscal 1961.

Our five best country dollar customers during the past year again were Japan, the United Kingdom, Canada, West Germany, and the Netherlands. Both Japan and the United Kingdom took close to \$500 million worth of our farm products.

The biggest area dollar outlet was the European Economic Community -- the EEC or Common Market. In the fiscal year 1962 our agricultural exports to this new trading area had a value of about \$1.2 billion.

As you can see, our dollar markets for farm products are big business. And because they are big business, American agriculture is interested in all measures -- especially the Trade Expansion Act -- that will help to keep those markets open to us. American agriculture has a lot riding on the legislation now before this committee.

In addition to dollar sales, we shipped \$1.6 billion worth of commodities to the underdeveloped countries last year under the Food for Peace program.

Record food and fiber exports to not "just happen." In this day and age we cannot afford to wait and hope, passively, that foreign countries will request our supplies. We must, instead, have a positive, coordinated export program -- a program having the primary objective of moving the largest possible volume of U. S. farm products into foreign consumption. We have such a program. As the export figures indicate, that program is working well.

Here are some of the moves being made to step up our shipments to foreign countries: First of all, the Department of Agriculture, in cooperation with industry groups, is carrying on vigorous foreign trade promotion activities. At the same time, our export commodities are being priced competitively -- in some cases through use of export payments. These efforts have been accompanied by constant pressure on other countries to give our American products greater access to foreign markets. Furthermore, there has been continued emphasis on use of American food as a means of promoting peace and freedom. All these activities are market-expansive in nature.

We are carrying on market promotion programs in 57 different foreign countries, largely in cooperation with U. S. farm and trade groups. Among the many promotion techniques used are market research, advertising, distribution of samples, trade-sponsored visits of foreign buyers to the United States, and food exhibits. About 110 large food exhibits have been staged in recent years, mostly in connection with international trade fairs. Approximately 46 million potential customers have seen, and in many instances sampled, the high quality and wide variety of U. S. foods.

Promotion is getting results. For example, shipments of U. S. poultry meat to Western Europe have soared from 1 million pounds in 1955 to 180 million in 1961. Spain, which used to be a large P. L. 480 customer for our soybean oil, has become exclusively a dollar buyer. This year Spain's dollar purchases of U. S. soybean oil will amount to well over 400 million pounds -- making the country the biggest dollar market and the largest single outlet for this product. Similarly,

cash sales have replaced government programs in the movement of wheat to Italy. Dollar exports of U. S. wheat rose from 34,000 metric tons in fiscal 1956 to 853,000 in 1961. Nor has the development of markets for new products been ignored. The fruit industry, for example, is pushing the sale of fresh and processed cranberry products in foreign markets. Although sales are relatively small now, the cranberry industry feels that the potential is there and that further market promotion effort is justified.

The Food for Peace program, although primarily aimed at feeding hungry people, also has in it a strong element of future dollar market development. Hungry people, with no money in their pockets, are not customers. But when you help those people to find jobs, or to create new jobs where none existed before, you are not only performing a humanitarian service, but you also are helping to expand and strengthen the world's commercial market.

Of the \$4.5 billion in U. S. economic aid extended to all foreign countries in fiscal year 1961, \$1.5 billion -- a third -- represented aid under the Food for Peace program. Foreign currencies generated under the program have been used in the underdeveloped countries for such projects as irrigation, railroads, highways, electric power facilities, hospitals, and schools. Some U. S. food is being used as partial payment of wages on development projects. Food not only underwrites employment and development, but counters the price inflation that generally accompanies development projects. Our food, in stepping up economic growth, is creating a climate that in time should mean increased commercial sales of U. S. agricultural items.

All these special efforts will continue to be of great importance in future market expansion. In themselves, however, they will not guarantee results.

The number one key to sustained expansion of U. S. agricultural exports is access to markets. In other words, the countries that have the money to buy from us must give our good American farm products a fair chance to compete. Our market promotion, competitive pricing, economic development, and other special efforts are wasted if potential customer countries say to us, in effect, "We don't want your goods; we are going to put trade walls around our country so that we can produce our own food and fiber to the greatest extent possible."

I mention this because the United States today is faced with increasing agricultural protectionism. This trend is partly the result of our own agricultural progress. On the one hand, we can offer foreign consumers, at competitive prices, products which are in many respects superior in quality and variety to those produced in their own country. On the other hand, many of the economically developed countries are now able to produce more of some commodities -- although at relatively high cost -- if our competing products are kept out. I am oversimplifying, of course, but I am sure that you see what I mean.

The United States has understood some of the problems of other countries. Right after the war, some countries may have been justified in diverting the normal flow of trade. Their big need was machinery and equipment. To use their scarce dollars for such goods, they put restrictions on farm product imports. Today, however, these countries have got back on their feet -- with considerable financial aid from the United States -- and are now functioning on a sound and prosperous basis. Non-tariff barriers against U. S. export trade can no longer be justified for balance-of-payments reasons. While considerable progress has been made in dismantling these restrictions on some types of non-agricultural goods, too many restrictions continue to be applied against U. S. agricultural items.

Let me say right here that the United States has set a good example for the world with our own import policies. The bulk of competing farm products can enter the U. S. market in competition with U. S. production by paying only a moderate duty. Import controls which limit the quantity of foreign agricultural products in the U. S. market are applied today on only five commodities -- cotton, wheat and wheat flour, peanuts, certain manufactured dairy products, and sugar, representing altogether 28 percent of U. S. agricultural production. On four of these items, of course, we likewise control the production in this country. Our import posture obviously is good. If European agriculture would be willing to subject itself to competition with foreign suppliers to the same extent American agriculture has, I would be happy. All I ask is that foreign governments give ~~American agriculture~~ the opportunity to compete on no less favorable terms than we extend to them.

Department of Agriculture people have been working constantly with the Department of State to persuade foreign countries to remove unjustified quantitative restrictions and other barriers hampering market access of our farm products. These efforts have been carried on formally and informally. They have been made bilaterally through normal diplomatic channels, and multilaterally through sessions under the General Agreement on Tariffs and Trade.

We have made some progress. Some trade barriers have come down. Some duties have been reduced. But it has been an uphill job. We need, if we are to carry on meaningful, productive negotiations around the world, the flexible bargaining authority of the Trade Expansion Act. This would be particularly useful authority in negotiating with the Common Market.

When the history of this period is finally written, the Common Market could well stand out as one of the most significant economic developments of this century. It may turn out to be one of the outstanding economic developments of all time. In an overall sense, it is good for the United States. We all know that political and economic unity in Western Europe is a strong buffer against the Communist tactic of "divide and conquer."

To a considerable extent, the Common Market is good for American agriculture. This is true of the commodities which the Common Market does not produce but which the United States has available for export--commodities such as cotton, soybeans, hides and skins. These are all duty-free, and bound duty-free in the General Agreement on Tariffs and Trade. For them, the future in the Common Market is bright. On a number of other products, including some fruits and vegetables, the outlook is also good. It appears that on the basis of trade value, about \$700 million worth of U. S. farm products annually, or approximately 70 percent of U. S. exports to the area, can be sold in the Common Market without difficulty. As the Common Market economy grows, we can confidently expect marketings of these products to increase.

However, for the other 30 percent of our shipments, amounting to about \$300 million worth on an annual basis--prospects are cloudy. In this category are grains, rice, poultry, and some other commodities.

We are seeing, with respect to these products, protectionist tendencies at work in the Common Market. There is strong pressure to push us out and keep us out as far as some of our major agricultural commodities are concerned. Farmers in the Common Market, and many of their political leaders, look to the Common Market as the solution to their agricultural problems. To many this means, "Let's keep the market for ourselves." Therefore, for grains, rice, and poultry, all of which are important U. S. export products, the Common Market is developing an internal agricultural market which will be protected against imports from outside countries by variable import levies. These levies will equalize the price of the imported products with the EEC's internal domestic prices. Domestic prices, in turn, will be fixed by government action. Most prices already are high.

You can see that under this system, Common Market domestic producers of commodities subject to variable levies could have absolute protection against imports, depending upon price support levels. In other words, EEC producers will be guaranteed a market for all they can produce at price levels fixed by the government. Obviously the pressures for high internal prices, and, therefore, for decreased imports, will be great. For grain and poultry, the system went into effect at the end of July 1962. A rice regulation is scheduled to become effective in October.

For fruits, vegetables, tobacco, and a number of other agricultural products, the EEC will not apply variable levies, but will rely on fixed import duties. Many of these duties will be high enough either to prevent an expansion of our current trade or to reduce our access to this market over time.

We would encounter other problems if the United Kingdom should become a member of the EEC. Our agricultural exports to the United Kingdom in the fiscal year 1962 approached \$500 million. If the Common Market's variable levy system which I just described were applied to the United Kingdom, it would bring under its sway another \$130 million worth of our exports of grains and certain livestock products. For most of the remaining trade, duties in the U. K. are substantially lower than in the Common Market. Any increase in the duty structure would, of course, hamper our trade with the enlarged Common Market.

How are we going to meet the trade challenges posed by the Common Market?

For the fixed duty items, the pattern is clear. It is a pattern of traditional tariff bargaining--swapping reductions of U. S. duties for comparable reductions of EEC duties. The EEC has indicated a willingness to negotiate. That is encouraging. We are particularly happy that EEC will negotiate further on tobacco. EEC's present 28 percent ad valorem duty, with a 17.2 cent maximum, is disadvantageous to our growers, who produce high quality, high priced leaf.

For the variable import levy items, however, the pattern is far from clear. The Common Market variable levy system is complex--a system not adaptable to the usual tariff bargaining. It confronts us with new problems.

Because there are special problems, and because the area is so important, we are giving the Common Market top priority in our foreign market planning. Department of Agriculture people have had many discussions with Common Market officials, both in Europe and the United States, on the vital matter of access for U. S. farm products. I have personally visited the Common Market to present the case for American agriculture--and I have urged Common Market representatives visiting this country to give our farmers fair treatment. The Department has established a new agricultural attache post in Brussels, Belgium--the Common Market "capital,"--to help us keep more closely in touch with developments there. I am appointing an Assistant Secretary for Foreign Agriculture, whose principal responsibility will be to give leadership in the trade policy area. In the case of wheat and feed grains, we are exploring use of commodity agreements as a possible new way to gain access to the Common Market and other foreign outlets.

But one vital ingredient is lacking. That ingredient is the bargaining power that would come to us with passage of the Trade Expansion Act of 1962. We need, above all, more flexibility and strength at the bargaining table. We must be able to offer the Common Market and other trading partners deeper and broader tariff cuts on their goods in exchange for concessions on U. S. farm products. Believe me, the Trade Expansion Act is essential to the maintenance of high-level U. S. agricultural exports. This legislation would give us an effective kit of bargaining tools to expand our export trade with the EEC. We could use the same tools, as appropriate, in negotiations with Canada, Japan, the United Kingdom, or any other trading partner.

Let me cite one example of the way the Trade Expansion Act could help American agriculture.

The Common Market has agreed to keep the door open for continuing negotiations on certain of the agricultural commodities affected by variable import levies. On the list are wheat, corn, sorghum grain, rice, and poultry. But the Common Market's willingness to negotiate further is based in part on the possibility that new trade legislation will enable the United States to make concessions to gain improved access for these U. S. farm products. As you can see, a great deal depends on the Trade Expansion Act.

I have emphasized concessions on both sides, because concessions are at the heart of liberal trade--and liberal trade is the essence of this Bill. However, the Bill also authorizes the President to increase duties, should that become necessary, as a bargaining tool or trade-regulating device.

The Trade Expansion Act, furthermore, instructs the President to deny the benefits of U. S. trade agreements, to the extent consistent with the purposes of the Act, to countries maintaining non-tariff trade restrictions, including unlimited variable fees, which substantially burden U. S. commerce in a manner inconsistent with provisions of trade agreements. Similar penalties would apply to other countries engaging in discriminatory or other acts or policy which unjustifiably restrict U. S. commerce. This provision would apply to the many trade agreements concessions the U. S. has negotiated since 1934, as well as to any that might be negotiated under this new Act. It is a clear warning that the United States espouses a truly reciprocal trade policy and will not stand idly by if its agricultural export markets are eroded by unwarranted foreign governmental actions. Our trading partners must be convinced that the United States cannot tolerate the existence of unjustified restrictions against our agricultural exports.

I want to make it clear, too, that the concessions we would give under this legislation would not subject American farmers to unwarranted import competition.

This Bill would not affect the provisions of Section 22 of the Agricultural Adjustment Act. That authority will continue to be available for use in preventing serious injury to our agricultural programs. Further, the Bill would not affect in any way the complex of regulations which protect our farmers against plant and animal diseases.

In general, the Bill provides two additional kinds of protection against injury from imports. First, before the President is authorized to reduce any rate, he must:

Seek advice from the U. S. Tariff Commission respecting the probable economic effect of the contemplated tariff reductions;

Seek the advice of the several interested Departments--including my own Department--on this matter;

And seek the advice of interested persons through the medium of a public hearing.

Second, if the President finds, after a thorough fact-finding investigation by the U. S. Tariff Commission, that a tariff cut has seriously injured an agricultural industry, or threatens to seriously injure such an industry, he may take remedial action. This action may be in the form of assistance to firms or workers or in the form of an increased import duty or import quota protection or a combination of these.

The procedures by which the President may do these things are fully spelled out in the Bill. I want only to say that I believe our farmers will have, under this Bill, sounder and more realistic protection from unwise tariff reductions than they have had in the past.

In conclusion, I want to emphasize that a liberal trade policy helps American farmers to capitalize on their export market potential. Since enactment of the Reciprocal Trade Agreements Act of 1934, there has been remarkable growth in our farm product sales to other countries for dollars as compared with imports that are directly competitive with our own production.

In fiscal year 1961, our agricultural exports for dollars amounted to \$3.4 billion while competitive imports were \$1.8 billion. These comparisons exclude exports made under special government assistance programs--and they also exclude imports of commodities not produced in continental United States, such as coffee, cocoa, tea, bananas, and the like.

Production from one out of every five acres we harvest is exported. Exports account for 15 percent of our farm marketings. In comparison, exports from non-agricultural sectors of the economy amount to about 8 percent of total production.

Rice producers export well over one-half of their crop.

Wheat farmers depend upon exports for half of their production.

Cotton and soybean producers look to export markets for about 40 percent of their sales.

Tobacco growers send about 30 percent of the tobacco crop abroad.

There is no question but that the prosperity of the American farmer is tied directly to export markets. Moreover, he will continue to be dependent upon these markets. Although our domestic market will not expand greatly beyond a rate resulting from population growth, our foreign markets can expand more rapidly. Between 1950 and 1960, while domestic consumption was increasing 14 percent, our farm exports increased 80 percent -- and we are doing even better now!

Our exports stand as a vivid symbol of the success of our agricultural system. What a contrast between our success and the inability of the Communist nations to feed their people adequately. The Soviet Union does not have enough to satisfy an expanding appetite. Red China has an even greater problem -- its daily ration is declining toward the starvation level. Cuba is having grave food supply troubles.

Our people, on the other hand, have the greatest variety of food -- in the greatest quantities and at the lowest cost in relation to income -- that the world has ever known. We share this abundance with millions of people in other countries. The United States is able to do all this because of an effective agricultural system -- a system of individually owned and operated family farms. There is no more effective testimonial to the worth of a farming system than agricultural abundance produced with great ease.

We must keep our farm system strong and healthy.

A major factor in the strength and health of our agriculture is and will continue to be the availability of foreign markets. We need the Trade Expansion Act to assist us in holding, improving, and expanding our foreign agricultural trade. I thank you for the opportunity to express strong support for this legislation.

AUG 24 1962

C&R - ASF

Secretary of Agriculture Orville L. Freeman said today that the farm proposals of the Committee for Economic Development would reduce net income per farm to \$700 by 1966.

Speaking to the American Farm Economic Association in Storrs, Conn., the Secretary said the changes which would occur in agriculture as a result would be "harsh, sharp and irreversible."

"The real prospect of the CED plan," Secretary Freeman said, "would be a decline in per farm net income from \$3,360 in 1961 to an average of \$700 in 1966. Total net farm income would be about \$2 billion.

"Rural America would be irreparably changed, with communities destroyed and institutions seriously damaged. Unemployment rates (in the nation) would be raised sharply as displaced farmers entered the labor force. They would compete with workers already affected by industry's problems of excess capacity and automation -- and both would find jobs more difficult to get."

The Secretary said the family farm structure of agriculture would be "vastly changed" as losses mounted and farms were absorbed by other farm interests.

The consequence of the CED proposal could be that farming in the future would be a vertically integrated industry with management control

Summary of remarks by Secretary of Agriculture Orville L. Freeman before the American Farm Economic Association, Albert Jorgensen Auditorium, University of Connecticut, Storrs, Conn., Aug. 21, 1962, 8:30 p.m., EDT.

transferred to those who process, sell and distribute what the farmer now buys or sells; or it could be dominated by large corporate farms, Secretary Freeman said.

In contrast, Secretary Freeman said, supply management offers "the only real freedom of action, of individual management decision to the American farmers."

Secretary Freeman said that agriculture is at a crossroads of decision where the choice is between a "free market" proposal such as that advanced by the CED and the "supply management" concept which the Kennedy administration has proposed.

He said that powerful forces are moving the country towards a decision, and warned that "if we continue to drift, then the decision at the crossroads will be made by the ill-informed rather than the informed -- by those who do not understand the problem, and who judge the future of farm policies by the failures of the 1950's.

"Powerful forces in and out of agriculture are seeking to sit on the fence and delay this decision, but it will not long be delayed for political and economic changes are rapidly building irresistible pressures to force a decision."

Farm economists will have an important responsibility in the making of this decision, the Secretary said.

"The political concensus which eventually will settle this policy

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question will be greatly hastened if the economists are in general agreement -- not on what should be done, for that is largely a political problem, but on what will happen, whatever is done."

In analyzing the CED proposal, Secretary Freeman noted that the business group called for the ending of price supports and production controls in 5 years, and for the transfer of 2 million farmers out of agriculture during this period.

He doubted that the CED proposal would succeed in moving 2 million farmers out of agriculture. Even assuming that it could, per farm net income would be reduced from \$3,360 in 1961 to \$2,500 in 1966 -- and total net farm income would be less than half the 1961 level, the Secretary said.

"We must recognize that even a large reduction in the farm work force and the number of farms would not reduce farm output. The substitution of capital for labor would be accelerated. We would expect farm output to be at least 4 to 5 percent greater in 1966 than in 1961. Farm prices might not be as low as the CED expects, but prices would still be 15 to 20 percent below 1961.

"We anticipate that gross farm income would be down about \$7.7 billion from 1961, and farm production expenses would not be significantly changed. Net farm income would decline 60 percent -- from \$12.8 billion to a little more than \$5 billion.

"These figures reflect the most favorable prospects of the CED report. The real prospect is actually far worse. With a migration level of 1 million farmers in 5 years -- a more realistic assumption -- and with

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higher farm output as a result, there would be a decline in per farm net income from \$3,360 in 1961 to an average of \$700 in 1966. At this level the changes which would occur in agriculture would be harsh, sharp and irreversible."

The Secretary said a strong and productive agriculture is essential if the United States is going to meet its world responsibilities in the future, and he warned that it would be dangerous to jeopardize the one aspect of America's economy which all nations recognize as being superior to the Communist system.

He noted that in both world affairs and at home there are forces at work which will change the lives of people everywhere. "We must not be found lecturing on navigation while the ship is going down."

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12, 1962

U.S. Department of Agriculture
Office of the Secretary

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C & R-ASF

Secretary Freeman Asserts that Prejudice, and Destructive Partisanship
Jeopardize Farmers' Future

Speaking in his home State of Minnesota, Secretary of Agriculture Orville L. Freeman today (August 12) said that the combination of prejudice, partisanship and provincialism constitute the principal roadblock in the way of an agricultural program that would secure the future of the American farmer.

"Prejudice is ugly, wherever it appears. Prejudice against a minority -- and farmers in this nation are so efficient they are becoming an ever smaller minority -- is particularly destructive. And when prejudice is used as a weapon of partisanship, it degrades the whole political process.

"Prejudice against agriculture is not new in our country's history. Some of you in this audience are old enough to remember when farmers were called 'hayseeds.' At one time their representatives were publicly called 'sons of wild jackasses,' but in those times the farm vote was sufficiently strong to teach a lesson to those who engaged in such name-calling.

"Today prejudice against agriculture is expressed in more sophisticated -- and more damaging -- terms.

"How is it expressed?

Excerpts from Address given by Secretary of Agriculture Orville L. Freeman at Farmers Union Picnic at Fairmont, Minnesota, 12 noon (CDT), Sunday, August 12, 1962

"It is expressed in stories of farmers in white Cadillacs.

"It is expressed in deliberate misrepresentations of farm programs as causing high consumer prices.

"It is put to destructive partisan use when party discipline is invoked to demand that every single member of one party in the Congress -- whatever his own beliefs or whatever the needs of his constituents might be -- must vote against a farm program.

"It is put to destructive partisan use when the farm bill is singled out as the one single thing that must be kept off the Senate floor if business is to be allowed to go on.

"It is put to destructive partisan use when party leaders distort and misrepresent both the purposes and effects of a good farm program.

"It is put to destructive partisan use when those who shout about fiscal responsibility vote to defeat a farm program that would save hundreds of millions of dollars.

"I can think of no current issue to which the word prejudice can be more aptly applied.

"Webster defines prejudice as: 'an unfavorable opinion or feeling, formed beforehand, or without knowledge, thought or reason.'

"Much of the opposition to the Administration's farm program was clearly 'formed beforehand.' We have heard of how a policy decision was made to oppose that program even before the program itself had been formulated.

"Much of the opposition is 'without knowledge' of the nature of the farm problem.

"Unless this prejudice toward agricultural problems can be overcome, we are in danger, not only of failing to achieve a sound program for managed abundance in agriculture, but also of facing the serious consequences of possible abandonment of all farm programs.

"Prejudice against agriculture can be overcome by the one thing needed to overcome any prejudice -- greater knowledge and understanding."

Secretary Freeman declared that efforts toward greater understanding must be directed -- not only to the non-farm public -- but also to farmers themselves.

"Our urban majority needs to understand the contributions agriculture is making to our level of living and the strength of our nation. It needs to understand more fully the way a farm depression hits the entire economy.

"On the other hand, the farmers of this nation need to understand the urgency of the crisis they face. They need to understand how rapidly their voting strength and their voice in government is diminishing.

"They need to face the fact that any hopes they may have for price supports without supply management will be totally shattered within a very short time. Farmers haven't had very much cake in recent years, but if they hope to have their cake and eat it too they are sadly unrealistic.

"Farmers need to read, and heed, the warning that lies in reapportionment and in rising urban strength. They need to face the implications of the recent CED (Committee for Economic Development) program to end farm
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programs within five years. They need to read Paul Duke's article in the Wall Street Journal of August 7, and note his assertion that 'the day is approaching ... when Congress will fundamentally alter Federal farm laws' and that 'these days of drift seem numbered.'

"More and more people are realizing today what I have been saying for several years -- that American agriculture is really at the crossroads. Our family-farm system is at stake. Last month, just a few votes prevented the enactment of a sound program that would have strengthened farm income and our system of agriculture, and that would have saved the Government hundreds of million of dollars. Under this program farmers would have had freedom to contract with the Government to limit their production to amounts that can be used in return for an opportunity to earn an adequate income. They could have chosen between freedom to go broke and freedom to enjoy the higher level of living that they deserve.

"Let us hope to overcome the prejudice that caused the defeat in time to make secure the future strength of American agriculture."

U.S. Department of Agriculture
Office of the Secretary

For P.M. Release, August 13

U.S. Success in Agriculture a Major Force Against Communism in the World

Secretary of Agriculture Orville L. Freeman told the Veterans of Foreign Wars convention in Minneapolis, Minnesota, today (August 13) that the success of the American system of agriculture can be the most powerful instrument in furthering democracy and opposing communism in the emerging nations of the world.

"Agricultural leaders, returning from a marketing study tour of developing nations in the Middle East and Africa, report that leaders in these nations are becoming disillusioned with communist type agriculture, because of reports of failures, rationing, and hunger in Communist Bloc nations," Secretary Freeman said.

"There is a growing interest in these nations in the private ownership, family-farm system under which American agriculture has scored amazing productive success." Secretary Freeman appealed for vigorous use of the U.S. asset of agricultural abundance to strike an effective blow for freedom in the world.

"Agriculture," Secretary Freeman said, "dramatically demonstrates one of the key differences between the American and the communist systems."

Remarks of Secretary of Agriculture Orville L. Freeman before the Convention of the Veterans of Foreign Wars, Leamington Hotel, Minneapolis, Minnesota, at 10:30 a.m. (CDT) Monday, August 13, 1962.

"In assessing the communist system for strengths and weaknesses, we know they have industries as efficient as some of ours and that their educational system turns out competent scientists and technicians. We are well aware of their progress in rocketry and missiles. But there is no more striking difference than in agriculture.

"The contrast is vivid: Red China, where the much heralded agricultural revolution has now completely broken down; Cuba, where in three years communism has wrecked the agricultural system; Russia, where Khrushchev openly confesses that the Soviet Union must 'radically rebuild the apparatus of agricultural management'-- and East Germany, Poland, and Hungary where the communist leaders admit they face widespread shortages of meat, milk, and butter.

"These are four tremendous hammer blows against the communist myths -- and their meaning must not be lost on the world's people. Let me describe some of communism's internal problems more specifically.

"It is becoming more and more apparent that one of the basic causes of the complete breakdown of the agricultural economy in China is the communist system itself.

"The crippling hand of communism is equally evident in Cuban agriculture. When the Castro government came to power in January 1959 Cuba ranked third among the 20 Latin American countries in per capita food consumption.

"Cubans now get, per capita, one-third less fats and beans and over 40 percent less rice than they did in 1958 before the Castro take-over. In Havana, consumption of meat has been cut back about two-thirds, consumption of fish more than one-half, consumption of milk for all persons over 7 years of age by one-half, consumption of chicken by almost two-fifths, and consumption of eggs by about 30 percent.

"An agricultural economy that was rapidly growing has been completely disrupted by misdirected agricultural 'reform.' There was need in Cuba for land reform, but Castro has taken privately held land and made it into state-owned, rather than family-owned farms. Over 41 percent of farm land is in state-owned farms.

"Surely this is a dramatic illustration showing how the farm economy of a once prosperous agricultural nation has been undermined in the very first years of communist control.

"In Russia itself, Khrushchev admits to growing agricultural problems, but he has not yet admitted the basic difficulty inherent in the communist system with its lack of incentive.

"Nothing dramatizes the basic problem of Soviet agriculture more than this astonishing set of statistics:

"Soviet peasants are still permitted to maintain on collective and state farms private plots of from one-half to two and one-half acres each. This output can be sold in the market place for a profit.

"From these small private plots, which constitute only 3 to 4 percent of the total sown acreage in the Soviet Union, come 47 percent of the meat, 80 percent of the eggs, 60 percent of the potatoes and 50 percent of the green vegetables.

"Thus the answer is clear: Give the Soviet peasants private ownership and profit incentives -- such as American farmers have -- and production will boom.

"But to do this on a widespread scale would be an abject confession by the Russians of the failure of the state-owned system.

"In glowing contrast is the success of the American family farm -- the most effective economic producing unit that has ever been developed in the history of agriculture. Why? Because the family owns it, operates it, takes responsibility, and exercises initiative. Under that system, people have incentive to work, to study, to learn, and to go forward. A family manages best what is its own."

Secretary Freeman emphasized that this is a powerful instrument in our efforts to extend the freedom we enjoy to other people and other nations in the world.

"When most of the developing nations are agrarian countries where 70 to 80 percent of the people live on the soil, then the achievement of the American farmer becomes a gleaming, potent weapon in the arsenal of freedom."

Secretary Freeman cited two ways "in which we can use our agricultural achievement to great advantage in assisting other people: one, through the Food for Peace Program, and the other through technical assistance to enable other nations to achieve better farm production under individual ownership and democratic institutions."

He concluded by stressing the importance of strengthening agriculture at home:

"If American agriculture is a key instrument in democracy's arsenal, then it is our obligation to keep it vigorous and healthy," Secretary Freeman said. "Its health and strength will be in jeopardy if we fail to adopt a sound farm program."

"This is a message which I have tried to carry to the American people in every possible way over the past 18 months. I have traveled from one end of the country to the other to tell this story. I have told it to the Senate of the United States -- and I believe I was fairly successful in that effort. I have told it to the House of Representatives -- and was less successful there than I would like to have been."

"I am asking you as American citizens to help the family farm -- to help put it in the best possible position to maintain its strength as a gleaming, efficient partner in the long struggle to win the battle for freedom.

"There is a very real danger that the family farm -- the shining example of American agricultural ingenuity which we want to share with the world -- will be pushed aside if we fail to adopt a sound farm program. Our leadership would be seriously damaged if we were to say to the world that we think the family farm system is the best answer to hunger -- and then allow that system to fade and wither for want of common sense agricultural legislation.

"In the past few weeks, programs which will provide the best possible solution to resolving consumer, taxpayer and farmer interests in agriculture have been blocked in the Congress. We cannot afford to put the family farmer on the alter of prejudice and greed, but there is the danger that prejudice based on ignorance and lack of understanding may carry the day where agriculture is concerned.

"The problem we face in agriculture is one of abundance. This is a happy problem in comparison to those of the communist nations -- and a problem I am certain they would be glad to exchange for their critical problem of scarcity. Left unsolved, however, our problems could result in very serious consequences for farmers, rural communities, and the entire economy. They could cripple the ability of American agriculture to meet its national responsibilities.

"For our agriculture the goal of producing abundance has been succeeded by the problem of using it -- and balancing it in such a way as to return to farmers a fair share in the nation's prosperity while continuing to produce food at fair prices to the consumer without the heavy costs that surpluses have placed on the taxpayer.

"There are many persons who, for reasons I frankly cannot understand, live in a world of fantasy so far as agriculture is concerned. They seem to believe farmers will be content to go on forever as a disadvantaged and depressed segment of the economy and that the taxpayers will tolerate piling up surpluses we cannot use effectively. They refuse to see the crisis of abundance. They act as though nothing is wrong.

"Is nothing wrong when a man works to become more efficient than anyone thought possible -- and then receives less and less as he becomes more and more proficient? That is what the family farmer has done.

"Is nothing wrong when the total income of the average person on the farm is more than 40 percent below the income of the average person off the farm?

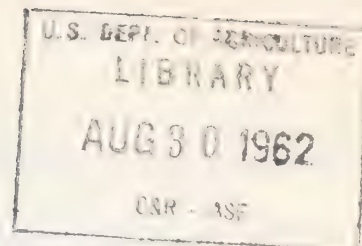
"Is nothing wrong when one-half of the nation's families who live in poverty with annual incomes of under \$2,500 are concentrated in rural areas?

"For the past 18 months we have been seeking to expand the opportunity of the American farmer to share more adequately in the fruits of the abundance he produces. We have made some progress, but it has been quite a battle. We need the understanding and the support of the non-agricultural public if we are to assure a farm economy strong enough to make its greatest potential contribution in defense of freedom.

"I seek your understanding and support in our effort to provide the American family farmer the opportunity to share in the nation's economic growth and prosperity. This, too, is one of the freedoms we must defend, for in maintaining that freedom we emphasize the one particular part of our democracy which demonstrates that hunger does not necessarily have to be a way of life. And, if we can show this one fact well enough to the world, we will have made freedom more secure than ever before."

For P.M. Release, August 13

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AGRICULTURE AT THE CROSSROADS

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We are celebrating this year the Centennial of the Department of Agriculture. It marks a century of progress on the American farm -- and in the American home. There are many examples of how far and how fast American agriculture has come in these past 100 years, but none is more vivid to me than an experience I had this past winter.

I was visiting a farm in central Illinois. The owner was showing me around the farm yard. We walked into a shed which he used as a repair shop and as a storage place for the many things you gather in a lifetime of farming. His great-grandfather had homesteaded that farm exactly 100 years ago. He pointed out to me an old saddle which hangs today on the wall of that shed.

It was the saddle on which his great-grandfather had ridden when he arrived in Illinois to open the prairie and begin the family farm. To me, the contrast between that saddle and the speed and comfort of the airplane and automobile which brought me to the farm was a very clear and telling example of the great changes which have taken place in American agriculture -- and continue to do so today.

There are many examples of the changes occurring in agriculture -- more dramatic than the one I cite. All of them taken together emphasize the enormous advances, the enormous achievements -- the unrivaled success of

Address of Secretary of Agriculture Orville L. Freeman before the American Farm Economic Association, Albert Jorgensen Auditorium, University of Connecticut, Storrs, Connecticut, August 21, 1962, 8:30 p.m., EDT.

American agriculture in providing better for the food and fiber needs of our people than has any nation past or present. The American people eat better today and at lower real cost than do people anywhere else in the world -- or in history.

Consider that today the farmer, on the average, can produce enough to feed and clothe 27 people, while the farmers throughout the world cannot hold a candle to this record. In Europe, an average farmer produces enough for about 10 persons. In Russia, under a collective system, the farmer produces enough for only 4 or 5. In most nations throughout the world, most people live on the land because that is the only way they can get enough food to eat.

I sometimes wonder if the consumer in this country fully appreciates the job the farmer has done for him. In this country, the average family spends about 20 percent of their income for food. In Great Britain, food takes over 30 percent of the family income. In Italy, food costs take 45 percent. In Russia, an average family will spend over 60 percent of its income for food. In most parts of the world, food costs will take 70 to 80 percent of the worker's earnings.

Why has the American consumer benefitted so well from the efforts of the farmer? A look at the increase in farm efficiency will give much of the answer. Between 1920 and 1940, the productivity of the farm worker, on the average, increased about 1.5 percent annually. Between 1940 and 1950, the productivity increased 2.5 percent per year. And between 1950 and 1960, the

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farm worker's productivity increased an average 6.5 percent each year -- three times faster than for the industrial worker. The farmer has written this success story of agriculture because he has applied the benefit of science and technology to provide the techniques and tools which have increased his productivity.

Others are learning that they, too, may bring these benefits to their people, for knowledge knows no boundaries. Western Europe, for example, has been undergoing an agricultural revolution in the past decade very much like our own. The gross investment in agriculture, at constant prices, appears to have risen about 70 percent. The need for labor dropped about 20 percent, while the productivity of those who remained increased an estimated 50 percent. Gross farm output rose about 25 percent.

In Germany, for example, the working capital invested in each farm worker rose about 900 dollars in the four-year period between 1956 and 1960, going from \$4,000 to \$4,900. By comparison, the working capital invested in each farm worker in this country in 1961 was \$5,600.

These figures are impressive evidence of the increased technical efficiency of European agriculture. These winds of change need to be studied carefully and the implications which flow from them should be kept in mind.

We already have found a rising sentiment of protectionism in the European Common Market towards agricultural products, and the continued increase in farm efficiency there could result in some markets becoming closed to our farm exports. We are combating this threat vigorously, and we look to new Trade Expansion legislation as an important instrument to maintain

and expand farm exports to these historic markets. We also can see in the higher efficiency of European agriculture some of the problems of overproduction which already are apparent in wheat and some other commodities in France -- extended to the whole of Europe. This new dimension of abundance in the agriculture of the world is not unique with us. However, no one can be sure of its meaning for the future.

The fact that we in the U. S. have been faced with the challenge of abundance for at least 10 years stands as the most impressive testimony to the contributions which agriculture and the farmer have made to the economy of our nation. Without the record of success in agriculture, our own record of economic growth and our present economic strength would have been impossible. Perhaps the most difficult point to make these days to the American people is that agricultural growth was the trigger to our dynamic and sustained economic, social and political progress. Unfortunately, the American people tend to take the miracle of agriculture for granted like the air we breathe and the water we drink. Yet agricultural growth is the platform from which a nation can begin its industrial growth. Losing it may bring consequences which no nation would choose. If we do not sustain it, there will be serious and irreversible changes in the economic, social and political patterns of our way of life.

Thus, it is appropriate this Centennial year to ask ourselves what will be the face of American agriculture when the next 100 years have passed. Will it be a family oriented agriculture, or will it be a vertically integrated industry with management control transferred to those who process,

distribute and supply what the farmer now sells or what he buys? Will it be an agriculture dominated by relatively few large corporate farms?

I believe that we will be able to give tentative answers to these questions in the near future. Decision on basic farm policy must soon be made. The standard lament that there is no solution to the farm problem cannot survive forever. Powerful forces in and out of agriculture wish to sit on the fence and delay this decision, but it will not be long delayed for political and economic changes are rapidly building irresistible pressures to force a decision. Farmers and their representatives must soon choose between a policy which would permit them to regulate their production and to receive fair prices; and a policy which removes both the possibility of supply management and the opportunity for fair and favorable prices.

Members of this Association should play a vital and significant role in determining the road agriculture will travel. In the past, you have contributed importantly to the farm policy debate, to legislation and to administration of public farm programs.

You have encouraged new thought on farm problems through your post-war competition in policy ideas, and your annual awards for published research. Many of your past winners are today in positions where they can implement their ideas. Your members have assisted in preparing Congressional reports and have presented testimony before Congressional committees -- especially in the Joint Economic hearings of 1957.

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Special circumstances now provide an opportunity for even greater service in the future. The nature of the political problems involved in great decisions such as that facing agriculture makes general agreement on the economic aspects of alternative policies even more necessary. I do not speak here of politics in any partisan -- in any Republican or Democratic sense. Rather, I refer to the divisive forces of rural versus urban interests, of the sectional differences which often bar the progress which technology demands in the realm of policy, and of the inability of farm organizations to come even close to agreement.

For more than 18 months now I have worked -- I have spent countless hours -- to keep partisanship and sectionalism out of the farm debate. I have made a conscious effort to consult with all farm organizations, with both parties, and with nonfarm people. We have made some progress. There is more understanding today of the dependence between rural and urban interests; sectional antagonisms have been dulled. Partisanship, however, continues to be sharp and farm organization leadership is not much closer together.

Thus, your responsibility as professionals calls for greater leadership as we move towards critical decisions. There is much to be done if we are to move the mountain of misunderstanding that stands in the way of farm policy progress. I have taken every opportunity -- and have created some, as well -- to point out the enormous accomplishments of the American farmer. We have sought in the Department to make the point that what happens in agriculture affects every person in this country, and not just farmers.

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We have stated as well as we can that agriculture must assume the obligations which go with continued price supports, or accept the logical consequences. We need to make clear that American agriculture -- with all its problems, is the envy of the world, and that the wrong decision at the crossroads can have a devastating effect on the social, economic and political prospects of this country.

All of this makes it essential that the economists be busier and better than ever before, and that they address themselves to serious problems with a sense of urgency. The political consensus which eventually will settle this policy question will be greatly hastened if the economists are in general agreement -- not on what should be done, for that is largely a political problem, but on what will happen, whatever is done. (In this context let me assure you that I recognize that there are essential differences between the economics of agriculture and of industry. I have chided some of my economist friends, both in and out of government, for being up to date, pragmatic, and reasonable in regard to general economics, but when they come to an agricultural problem they get out their dog-eared copy of Adam Smith.)

There is a limited amount of time for this task, and I urge you to make the most of it. Much is at stake.

Let us look for a moment at the alternatives. What are the choices? One direction at the crossroads is marked "Supply Management", and the other "Free Market". Obviously, there will be exceptions in certain commodities under either alternative.

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There may be allotments on some crops even in a generally free market, and many commodities will not need direct programs under general supply management. But the essential direction of farm policy will be determined -- and soon. Congress will become more urban oriented and will reflect more closely the declining power of rural forces. Farm program costs will continue to climb under halfway measures, adding to the frustrations which already are apparent in the public.

If we continue to drift, then the decision at the crossroads will be made by the ill-informed rather than the informed -- by those who do not understand the problem, and who judge the future of farm policy by the failures of the 1950's. I can assure you that this is not idle speculation. During the recent House action on the farm bill, urban legislators passed an amendment to end all farm support programs by a vote of 107 to 74. Cooler heads prevailed on a vote to reconsider, but the impossible became the possible for the first time. I have been told personally by many legislators that this was their last vote for any farm program. I hope I can prevail on their better judgment, but the signs are in the wind.

While powerful forces are moving us towards the crossroads of decision, we are having the alternatives more sharply defined than at any time in the past. The supply management concept has been developed by this administration and presented to Congress and the country as a long range program. It would harness and use our productive capacity in line with our needs, using supply management as one tool to accomplish basic resource adjustment.

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I feel the Committee for Economic Development has performed a real service in setting down its five-year plan to take agriculture back to the free market. With it, we now can compare farm policy alternatives. We can define the consequences of both courses of action and proceed to show farmers and city people alike what they can expect from one choice or the other -- and then we will be better able to make intelligent decisions.

The CED proposes to end price supports and production control programs in five years. After that, it would leave the free market to determine the prices and earnings in agriculture. A variety of payments and temporary acreage diversion programs would cushion the shock, but would not seriously change land use patterns, or mitigate the results expected at the end of five years. Transfer of some two million farmers to other occupations in five years is an integral part of the CED proposal.

What would American agriculture be like in the late 1960's under the CED plan? How would the people fare who had been driven out by lower farm incomes? What about farm income -- up \$1 billion net last year -- in 1967?

Our analysis of the CED proposal leads us to the conclusion that it could not succeed in moving two million farmers in five years into an economy with already excessive unemployment.

The real impact of the CED plan -- even under the most favorable rates of migration -- would be on farm income.

If two million farmers, including many from commercial agriculture, did find better income opportunities outside agriculture, the CED plan would reduce per farm net income by some 25 percent, from \$3,360 in 1961 to \$2,500 in 1966. This would result from a total net farm income less than half the 1961 level.

Assuming two million farmers less in 1966, we must recognize that even a large reduction in the farm work force and the number of farms would not reduce farm output. The substitution of capital for labor would be accelerated. We would expect farm output to be at least four to five percent greater in 1966 than in 1961. Farm prices might not be as low as the CED expects, but they would still be 15 to 20 percent below 1961.

We anticipate that gross farm income -- with CED's rapid migration from farms -- would be down about \$7.7 billion from 1961, and that farm production expenses would not be significantly changed. Net farm income would decline about 60 percent -- from \$12.8 billion in 1961 to a little more than \$5 billion in 1966.

These figures reflect the most favorable prospects of the CED report. The real prospect of the CED plan is actually far worse. With a migration level of one million farmers in five years -- which is more realistic -- and with higher farm output as a result, there would be a decline in per farm net income from \$3,360 in 1961 to an average of \$700 in 1966. Total net farm income would be about \$2 billion. At this level, the changes which would occur in agriculture would be harsh, sharp and irreversible.

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The CED report has two other dangerous blind spots. It projects unreasonably favorable farm income results, assuming that the free market price of corn would be \$1.00 per bushel in the mid-1960's, despite the fact that many studies (which CED quotes) agree that prices would be about one-fourth lower. Responsible policy proposals cannot be built on such assumptions.

Another major gap is the failure to note the need for long range land use planning, and for sustained programs to invigorate -- not to bleed -- rural communities.

Let us consider for a moment this question.

What would be the effect of the CED program on America?

Rural America would be irreparably changed, with communities destroyed; and institutions seriously damaged. Unemployment rates would be raised sharply as displaced farmers entered the labor force. They would compete with workers already affected by industry's problems of excess capacity and automation -- and both would find jobs more difficult to get. The family farm structure of American agriculture would be vastly changed, as losses mounted and as farms were absorbed by other agricultural interests.

In contrast to this, the supply management programs of this Administration would permit producers to jointly choose to limit their output in return for price and income support. It would provide the machinery for reducing the stocks of grains to adequate stabilization and security levels, and for maintaining the incomes of farm people.

It offers the only real freedom of action, of individual management decision, to the American farmer. It is not a new or revolutionary procedure. It has met the test of time in cotton, rice, peanuts and tobacco. There has been every indication of satisfaction by the farmers who operate under the programs, and by the business community which helps operate those programs.

Specifically then, the current debate over major commodity price and production programs concerns wheat, feed grains, and dairy products directly. There is no audible sentiment in the country for overturning the programs in tobacco, rice, peanuts and cotton. They are not perfect, but they are working and they are the foundation on which improved programs can be constructed. They can be undermined, however, by continued failure to adopt economical and workable programs for other commodities.

It is regrettable that the farm policy debate focuses almost exclusively on commodities and on price supports. The goal of the administration program for Abundance, Balance, Conservation, and Development is basic adjustment of resources. It seeks the day when commodity control programs can be far more moderate, both because the surpluses have been worked off and because land -- and people -- have been employed in providing non-agricultural needs of our urban society.

As part of the administration's supply management concept, we have proposed in legislation now pending before Congress to expand our land and water conservation programs and our lending and technical assistance activities to develop land resources for non-agricultural uses. It is especially critical that we experiment with the means of preserving or creating open space.

We also face a rapidly growing shortage of recreational opportunities in this country, and we have not even begun to tap the potential which exists for recreational development on privately owned land now in farming.

Supply management recognizes that as serious as our commodity problems are, the problem of severe rural poverty is even more pressing.

The main stream of public and private action to benefit low-income rural people lies in policies toward basic education, in policies with respect to national economic growth and development, and in policies aimed at development in those geographic areas which hold the major part of the low-income population, both rural and urban.

All of these things we seek to accomplish for the rural community through our Rural Areas Development program. We have reorganized the service agencies in the Department which contribute to rural economic development to concentrate their efforts in this direction. We hope to have launched within a year a pilot program to study the most efficient methods to encourage the creation of recreational resources and the conversion of cropland to grass and timber production -- projects all designed to build new economic opportunity. Through the Area Redevelopment authority we are assisting rural communities to develop new industry -- and new jobs -- and to modernize community facilities which are basic to present day industrial needs. These are all part of the gradual adjustment process of supply management.

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I recognize, as I am sure you do, that the supply management concept is not ideal. The ideal would be to live in a world where the farmer could produce abundantly and receive a fair price for what he grows. We don't live in that kind of a world. Ours is a much more complicated world -- a world where our responsibilities realistically demand that we look at today's problems with an eye to what the future will call on us to do. I do not doubt for a minute that agriculture will bear a heavy responsibility in the decades ahead to help keep the world peaceful. It cannot meet its responsibilities if, by mistake or design, we destroy our family oriented agriculture -- the superb instrument of our agricultural achievement.

Last year, in a study entitled "The World Food Budget", a world food deficit of about \$3.5 billion worth of commodities was estimated for 1962. If the developing countries of the world were to achieve their growth and income aspirations in the next 20 years, they will have a far greater food deficit -- that is, of food produced internally as compared to their need. Such a shortage of food would severely limit per capita economic growth. It would present grave political dangers, and would create serious political imbalances which would threaten world peace. American agriculture not only will be called upon to continue the direct effort through the Food for Peace program, but also to provide the technical assistance so essential to higher agricultural productivity in developing nations, and to help create in other countries those institutions and conditions which have made possible our success in agriculture.

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Our relation to world events has committed us to programs which will keep the peace. Agriculture will have a key role in fulfilling those commitments. We must be ready for whatever demands will be placed upon it.

We could, at some future time, need all available land resources. We should, therefore, be in a position through conservation and land use programs to have these resources readily available.

Thus, in both world affairs and at home there are forces at work which will bring changes in the lives of people everywhere. Neither the Secretary of Agriculture nor responsible professional people can stand by and wait to see how it will all turn out. We must not be found "lecturing on navigation while the ship is going down," as the poet once said.

It is no coincidence that the goal of strengthening agriculture and maintaining the viability of the rural economy is so entwined with the ability of the nation to meet its world responsibilities. If we are to fight ignorance and suspicion abroad -- and misunderstanding and frustration at home -- then it will require the best effort of us all.

The nation looks to the members of this organization to present the clearest and most objective appraisal of the economic consequences of selecting the "free market" or "supply management" fork in the road -- not only in terms of the consequence to our domestic relations but also to the impact on our role in the world.

If you do your job well, then the crossroads decision will be made intelligently by the people and by those who represent them in the government.

I ask your help to that end.

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STATEMENT of The Secretary of Agriculture, Orville L. Freeman on

Farm Policy Proposals of the Committee for Economic Development

before the House Committee on Agriculture, August 28, 1962

Agriculture is at the crossroads today. I therefore welcome the opportunity to express to this Committee the utmost importance -- to the American farmer, to the small towns and small businesses in our rural areas, to the overall economy, and to the well-being of the entire Nation -- of recognizing that we must make some tough decisions, and the importance of making the right choice.

The choice we face is between a sound program for managed abundance or the eventual abandonment of all farm programs. The choice, in other words, is between a program embodying the basic principles, though not necessarily all of the details, of the Administration's program for agriculture in the 1960's, on the one hand, and, on the other, an end to farm support programs, with some kind of transitional measures such as those proposed by the CED to cushion the shock -- to relieve the pain as sedatives are used to alleviate deathbed suffering.

The Administration has presented a Food and Agriculture Program for the 1960's that would bring about a sound program of managed abundance. The CED now has performed a real service by presenting a carefully prepared program depicting the alternate choice of abandonment of farm programs and return to the so-called "free market."

In the long run, there is no other basic choice. It is true that temporary measures can be considered and continued. But temporary measures and piece-meal compromises merely postpone the day of decision, and become more unsatisfactory and more costly with each passing year.

It is my best judgment that each delay, each compromise, each attempt to further postpone the choice that we must eventually face, pushes us in the direction of the abandonment of all farm programs and the disastrous consequences that would result.

Therefore, I look at the CED presentation of its five year "adaptive" program to end farm programs as a welcome opportunity to study and evaluate its implications and to compare them with the goals set forth in the Administration program. Our study of the CED plan indicates how disastrous its consequences would be. While the exact nature and degree of those consequences would vary depending on how well the plan would actually succeed, the following could be expected:

1. A reduction in farm income per farm by an amount ranging from a minimum of 25 percent (a level of \$2,500 income per farm) to perhaps as much as 80 percent at the end of five years (to \$700 per farm). Last year under the Administration program, realized net farm income was increased by over 1 billion dollars and per farm income rose 13 percent to the highest on record (\$3,360 income per farm);

2. An alteration of the basic character of American agriculture by forces that threaten the extinction of the family farm system;
3. A drastic decline for thousands of small towns, and small business and all economic enterprise in those towns, all over rural America, with resulting disastrous effects on such basic services as education and welfare;
4. A serious burden to the rest of the economy that would result from the forced acceleration of the outmigration from agriculture of millions of farmers -- with the attendant transfer of problems of poverty from rural areas to the cities;
5. A waste of natural resources arising out of unwise use of land, instead of the kind of program for the best use of our resources of trees, soil and water that is contemplated by the Administration program.

I should like to discuss in more detail each one of these most probable consequences. But first I would like to review certain basic characteristics of the CED plan.

The CED is in agreement with the Administration's position in three respects. Both recognize that farm incomes are too low. Both seek reduced Government costs. Both recognize the need for balance in agricultural production.

The Administration proposes government assistance to gear production to the amount that can be used, with price and income stabilization at fair levels.

The CED proposes an agriculture with no price or income protection, and a forced draft of people out of agriculture impelled by the hardship resulting from a sudden drop of prices to the "free market" level.

True, CED proposes to cushion the shock of transition to the "free market" by a variety of temporary income-protection payments and temporary acreage diversion programs which would come to an end after 5 years. During this period, the transfer of some 2 million farmers to other occupations is an integral part of the CED proposal.

We should note also that the cost to the government of the CED proposed program in the beginning period would be high -- probably higher than government expenditures on price and income support operations in recent years. By the end of 5 years, the CED report does contemplate substantially lower government costs, although carrying charges on commodity inventories would remain, since the plan includes no provision for reduction of these inventories. But again, the Administration program is also directed toward reduction of government costs, and would reduce price support expenditures sharply in 5 years.

While both the CED and Administration programs share the key objective of reducing costs, under the CED proposal agriculture would end up with far less total income and substantially less income per farm.

I should like to turn now to the results that could be expected from the CED program to solve the farm problem by doubling the expected exodus from farming, pushing it up to 2 million in the next 5 years, and by the ending of support programs.

But first it is necessary to correct a basic error in the assumptions of the CED program which enables it to project unreasonably favorable farm income results. CED assumes that the "free market" price of corn would be \$1.00 per bushel in the mid-1960's. There are many studies (which CED quotes) which indicate that prices would be about one-fourth lower than that. At the end of the transition period, there would be no acreage diversion programs to hold back the productive capacity of feed grains, there would be heavier feeding of wheat, and there would still be heavy stocks of feed grains available. Under these conditions the equilibrium level for corn would probably be between 70 cents and 80 cents rather than the \$1.00 assumed by CED. By accepting this error, the CED avoids having to face the problem of the excessive production of meat and milk that would inevitably result.

1. Farm Income Consequences

Of most concern to the farmers is the prospective effect on farm income. Our estimates show that, instead of improving the incomes of farmers, the CED plan would reduce the farm income per farm sharply and disastrously, by some 25 percent in the event that the plan should succeed in forcing two million farmers off their farms in five years but could result in a drop of up to 80 percent in the event this accelerated outmigration would not be achieved and farmers would leave the farm only at a rate that would total one million in five years.

The CED hopes for "improving the profits of agriculture" are based on the prospects for dividing a smaller total farm income among fewer farmers. The potential effect on farm income, therefore, would depend on (a) how many farmers were left, (b) how productive the remaining farmers would be, and (c) the income that would result from the level of prices that would prevail at that level of production.

I shall present here, first, our best estimates as to the farm income levels that would result 5 years hence if the CED plan should be successful in moving two million farmers out of agriculture. Let me emphasize that we do not believe that such a rate of migration -- double the rate of recent years -- is either likely or desirable, considering the present softness of the labor market. But, putting this aside for the moment, where might the two million farm workers come from and what levels of income might result for those remaining in agriculture?

We need to keep in mind that it makes a considerable difference from which group of farms the reduction in workers is accomplished. The highly commercial farm group--farms with value of sales of \$5,000 and over--represent 39 percent of all farms and account for 87 percent of all products moving to market.

The middle group--value of sales of \$2,500 to \$5,000--represent 17 percent in number and account for less than 8 percent of farm sales.

The lowest group--value of sales under \$2,500--represent 44 percent of all farms but account for only 5 percent of total farm sales.

The average farm worker in the highly commercial farm group produces more than twice as much as the average farm worker in the middle group and more than five times as much as the average worker in the lowest group. It is clear that if the reduction in farm workers is accomplished largely in the least productive groups, there would be little impact on farm output and no relief from farm surpluses

Considering historical trends, it seems likely that if 2 million workers could be removed from agriculture over the next 5 years, the impact would be heaviest on the smaller farms. Specifically, this involves the group of farms in the \$2,500-\$5,000 value of sales class which for all practical purposes would disappear. It also would reduce very substantially the number of farms and workers in the "under \$2,500 sales class," although there would still remain a hard core of part-time farmers who continue to derive part of their living from farming and part from outside jobs. The economic class representing sales of \$5,000 and over would also be affected. Here there would be fewer farms and workers as well, with those remaining concentrating in the larger economic classes (sales of \$10,000 and over). Thus, the reduction in workers would likely come about equally from each of the three economic classes, about 650,000 from each. The number of farms would be reduced from 3.8 million in 1961 to 2.1 million in 1966. The CED presumption that 1.2 million farm workers would come from the upper economic group appears to be so completely unrealistic that it does not provide any reasonable basis for an estimate of the effect on farm income that would result. The most favorable assumption that we can make is that the plan might succeed in getting two million out of farming, about one-third of which would come from each of the three groups.

But even such a large reduction in the farm working force and in the number of farms would not cut farm output. Farm technology moves ahead, and the substitution of capital for labor would be accelerated. The more than 50,000,000 acres that in 1961 were in the Conservation Reserve or idle under the feed grain program would be back in production. Even with fewer workers and an agriculture reconstructed according to the CED plan, farm output in 1966 would likely be at least four or five percent larger than in 1961. Considering that our total population would increase about 8 percent, and thus perhaps slightly faster than farm output, the level of farm prices in the free market in 1966 might not be as low as the CED target prices (about 25 percent below 1961), but still some 15-20 percent below 1961.

Starting with the 1961 farm income situation as a base, Table 1 projects the changes that might occur after five years of the CED plan to move 2 million workers out of agriculture.

All categories of gross farm income would show sharp reductions totaling over 7-1/2 billions. Cash receipts from farm marketings would be down because of lower prices. Government payments to farmers would cease. The contribution of food and housing furnished by the farm would be enjoyed by fewer farmers.

But total farm production expenses would not be significantly changed. Feed and livestock purchased would cost less but most other expenses would continue to rise, particularly taxes on real estate, interest charges on farm indebtedness, costs of maintaining and operating equipment, and expenditures for fertilizer. Thus, total realized net farm income would decline from \$12.8 billion in 1961 to a little above \$5 billion in 1966, a drop of close to 60 percent.

Tables 3 and 4 contrast the per farm income situation before and after CED. Although the number of farms would be reduced by more than 40 percent, the average realized net income per farm would decline from \$3,360 in 1961 to \$2,500 in 1966, a reduction of about 25 percent. But we should note especially that the reduction for the larger commercial farms -- those selling \$5,000 and more -- is even greater, some 35 percent.

Certainly, the recent level of farm income while showing improvement, is not high. The figure of 12.8 billion dollars realized net farm income in 1961 represents the total return to farm operators for their capital, labor, and management. If an allowance is made for farm invested capital (at 4-3/4 percent), the return to all farm labor and management in 1961 comes to 99 cents per hour. Although this is a substantial increase from the 83 cents in 1960, it is still less than the minimum wage and far below the average earnings of workers in other segments of the economy.

For 1966, with a level of 5.2 billion dollars farm income, if we were again to make the same allowance for farm invested capital as for 1961, there would be little, if any, return for farm labor and management. To find a comparable situation, we would have to go back some 30 years to the great depression, when the return to all farm labor and management was only about 10 cents per hour.

But farmers would sustain heavy capital losses as well as drastic declines in income under the CED plan. In agriculture today, some 175 billion dollars are invested in productive assets, of which a large part represents farm land. The decline in farm income would undoubtedly set off a sharp drop in land values. The farmer would see the value of his investment in his farm eroding rapidly. To get out of agriculture, he would have to sustain a tremendous financial loss. There would probably be little left to start life anew elsewhere.

The impact of the decline in farm investment values would be felt beyond agriculture. Banks, insurance companies and other financial institutions which supply large amounts of credit to farmers would find the security of their advances impaired and their financial condition weakened. They might again, as in the early 1930's, find a substantial number of farms in their possession.

The above income results, as I pointed out, would occur only under the most favorable conditions we can expect. But, in evaluating the farm income consequences of the CED plan, we should face up to the real prospect that the exodus from farming over the next 5 years may not achieve the rate prescribed by CED. Most likely the reduction in workers over the next 5 years would be 1 million rather than 2 million, and not much different than the rate prevailing in recent years. Under "free market" conditions, there would be a further acceleration in farm output--which would outstrip the growth in population.

It is difficult to picture what might be the end result of such a drastic worsening of the farm products supply situation in the "free market." But if only 1 million workers were removed from agriculture instead of 2 million, and if output climbed 15 to 20 percent, the level of farm prices would be forced below the CED target levels, perhaps to 40 percent below the 1961 level. Again in comparison with 1961 farm income:

| | |
|----------------------------------------------------------|--------------------|
| Cash receipts down | \$8.8 billion |
| Government payments to farmers down | 1.5 billion |
| Value of food and housing to somewhat fewer farmers down | <u>0.4 billion</u> |
| Gross farm income down | \$10.7 billion |

Without considering any probable increase in farm production expenses which would likely accompany larger farm output, this leaves only some 2 billion dollars of total net farm income to be shared by about 3 million farmers--an average of \$700 at most as compared with the \$3,360 per farm in 1961. This could well happen as the consequence of the return to the "free market" under the CED plan. This is nearly an 80 percent drop in income in five years. It would be harsh, sharp and irreversible. Our form of agriculture, of which we are justly proud, would be destroyed and no one knows what might emerge from the chaos.

2. The Threat to the Family Farm System

The CED Five-Year Plan to end farm programs threatens to alter the basic character of American agriculture. The most probable effect on farm income has been noted. Farmers would be left to deal with business firms in other sectors of the economy having monopolistic control over their markets. The result would be a disorganized agriculture where farmers would be exploited by the large firms with whom they dealt in selling their products and buying farm supplies. Even the most efficient family farm would find it difficult to survive this type of economic pressure, and the control of agricultural resources would become increasingly concentrated into the hand of firms outside agriculture.

We already have illustrations of how vertical integration and contract farming take away from the farmer some or all of his managerial independence--even, in some instances, relegating him to little more than a piece

work laborer's role. In the broiler industry, for example, the independent farmer cannot compete with the integrated industry because he cannot gain access to improved breeds and strains of poultry stock, he cannot secure financing on equal terms, he cannot keep up with the rate of technological and managerial advance where research information is available only through private channels controlled by the integrators, or where access to markets is controlled by the integrators.

The real threat to the independent family farm is not, in most cases, the giant factory-scale corporation-owned farm employing labor in large crews. Rather, it is through the imposition of a pattern of controls by centralized private authority over the existing family-farming pattern. It is a threat which would impose the domination of a few giant corporations over the farmer's independence as manager and entrepreneur. It is a pattern, the outlines of which are already clear, by which the farmer might remain on the farm, but would take orders from large business enterprise or a specialized management service in respect to what he should plant, when to plant it, how to grow it, from whom to borrow, and how much interest to pay, and to whom and when to sell.

Thus "laissez faire" could result, in agriculture as it has in other areas, in the development of a system of pricing as well as production that would be administered by a powerful few.

This is the threat to the American family farm--an institution that has given to this nation the most efficient and productive agriculture the world has ever seen. It has provided consumers with the best food bargain the world has ever known.

3. The Threat to Small Towns, Small Business, and Rural America

The loss of farm purchasing power would bring rapid decay in the rural communities which are built on the foundation of our agricultural industry. Farmers would have \$6-1/2 billions less to spend. This would be felt not only in the rural communities where farmers trade but also in the large industrial centers producing the products farmers need for farm production and for a living. The impact would be substantially heavier in the Great Plains, where agricultural income is a substantial part of the total income.

A forced acceleration of this outmigration would have very serious consequences on rural America. The businessmen on Main Street would suffer acutely. All of those in rural towns and villages who provide both professional and public services would likewise suffer. Rural America would be irreparably changed, with its communities crippled, and its institutions damaged.

The CED plan to force human resources out of agriculture takes little account of the basic human factors involved. Their program for special vocational training and education in rural areas is one we can all support. But if this is intended to ease the transition of farmers out of farming,

the fact that over two-thirds of the farmers who sell less than \$10,000 worth of farm products annually are over 45 years old must be accounted for. These farmers are at an age where vocational training and placement cannot help very much in getting nonfarm jobs in today's competitive market. They are at a time of life where roots are deep in their home communities.

This is in sharp contrast with the Administration's program to attack rural poverty by a rural areas development program designed to maximize total economic opportunities in rural areas.

Where the CED program, by its massive shift of labor out of agriculture, would shift a share of the problem of rural poverty from rural to urban areas, and even threaten the very existence of many towns and villages, the Administration program would seek to maintain the optimum population in rural areas, to create new enterprises, better community facilities, and better educational and job opportunities.

4. Effect on the Rest of the Economy

The entire national economy would feel the effects of the CED program. It has been estimated that for each person producing farm products, it takes more than one person in other industries to supply the farm machinery, fertilizer, transportation, etc., the farmer requires for production. There would be \$6-1/2 billion less of farm cash purchasing power. We have seen the impact of the increase in farm income last year in breathing new life into the communities and industries which serve agriculture. The CED program would reverse this process.

Urban America would also feel the definite effects of the additional load of displaced farmers seeking jobs in our cities. This serious burden of adjustment would critically handicap the rest of the economy. Prospects for rate of economic growth sufficient to achieve satisfactory employment levels under normal conditions could be thrown out of balance by this additional load.

5. Use of Land Resources

The CED program ignores a basic philosophy of the Administration program which emphasizes the wise use of resources. The CED proposes no plan for using our land for recreation or conservation--to provide facilities and services of which there is real scarcity and need. Rather, the CED plan leads to waste and misuse of our natural resources. It would lead to more land being used to produce farm products than is needed. It would ignore the growing demand for recreation, wildlife, and open space in our increasingly urban nation.

* * * * *

Inevitably then, we must come to the conclusion that the CED program cannot accomplish what it sets out to do. It cannot avoid drastic reductions

in farm income, even for those that would be left in agriculture, and the pervasive effects of that decline in farm purchasing power on the community at large. It would alter the whole structure of our family-oriented agriculture which has contributed so much to our Nation's economic growth and social progress. It means decay for many of our rural communities. It makes it more difficult for the urban worker looking for a job. It is a long step back away from developing a sensible land use program. It would in fact be a disaster. But it is a good example of the consequences to our agriculture and to our Nation if, at this important crossroads, we should take the wrong turn--the CED road to the "free market."

Table 1.- Total net farm income would drop 60 percent under CED
plan to move 2 million workers out of agriculture

| Source | 1961 actual | 1966 projected | Change |
|-------------------------------------|------------------|-------------------|------------------|
| | <u>Bil. dol.</u> | <u>Bil. dol.</u> | <u>Bil. dol.</u> |
| Cash receipts from farm marketings | 35.2 | 30.2 | -5.0 |
| Government payments to farmers | 1.5 | --- | -1.5 |
| Value of food and housing from farm | 3.2 | 2.0 | -1.2 |
| Realized gross farm income | 39.9 | 32.2 | -7.7 |
| Less production expenses <u>1/</u> | 27.1 | 27.0 | -0.1 |
| Realized net farm income <u>2/</u> | 12.8 | 5.2 | -7.6 |

1/ There is no allowance in production expenses for return on investment of farm capital.

2/ Total return to farm operators for their capital, labor, and management.

Table 2.- Per farm income in 1961

| Economic class (value of sales) | Number of farms | Number of farm workers | Estimated average income per farm | | | | | |
|------------------------------------|-----------------------|---------------------------------|----------------------------------------------------|-------------------------|------------------------------------|-----------------------------------|---------|-------|
| | | | Cash receipts plus government payments | Gross farm income | All pro- duction expenses | Realized net farm income | | |
| | Thou. | Thou. | Dol. | Dol. | Dol. | 1/ : | 2/ : | Dol. |
| \$5,000 and over | 1,550 | 3,140 | 21,000 | 22,000 | 15,700 | | | 6,300 |
| \$2,500 - \$4,999 | 560 | 670 | 3,900 | 4,600 | 2,300 | | | 2,300 |
| Under \$2,500 | 1,700 | 1,650 | 1,200 | 1,900 | 800 | | | 1,100 |
| All classes | 3,810 | 5,460 | 9,637 | 10,473 | 7,113 | | | 3,360 |

1/ There is no allowance in production expenses for return on investment of farm capital.

2/ Total return to farm operators for their capital, labor, and management.

Table 3.- Per farm income would drop 25 percent
under the CED proposal 1/

| Economic class (value of sales) | Number of farms | Number of farm workers | Projected average income per farm | | | | | | | | |
|------------------------------------|-----------------------|---------------------------------|-----------------------------------|-------------------------|------------------------------------|-----------------------------------|------|--|--|--|--|
| | | | Cash receipts | Gross farm income | All pro- duction expenses | Realized net farm income | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | Thou. | Thou. | Dol. | Dol. | Dol. | Dol. | Dol. | | | | |
| \$5,000 and over | 1,100 | 2,500 | 27,000 | 28,000 | 24,000 | 4,000 | | | | | |
| \$2,500 - \$4,999 | 4/ | 4/ | --- | --- | --- | --- | | | | | |
| Under \$2,500 | 1,000 | 1,000 | 1,200 | 1,900 | 1,050 | 850 | | | | | |
| All classes | 2,100 | 3,500 | 14,400 | 15,300 | 12,800 | 2,500 | | | | | |

1/ Farm output up 4-5 percent from 1961; prices received by farmers down 15-20 percent from 1961; number of farm workers reduced a total of 2 million from 1961 with reduction of about 650,000 in each economic class.

2/ There is no allowance in production expenses for return on investment of farm capital.

3/ Total return to farm operators for their capital, labor, and management.

4/ Only a very few would remain in this class.

I appreciate this opportunity to meet with business and farm leaders of the Gateway City.

In the past year and a half, I have had occasion to talk to quite a number of business groups about agriculture -- and I find it is not always easy to get businessmen to fully appreciate the impact of farm questions on the entire economic community.

Today, I realize that I am starting with a substantial advantage. I suspect that the roster of the Kansas City Chamber of Commerce would read almost like a directory of the agri-business leadership of America.

You are one of the nation's great livestock markets ... number one in stocker and feeder cattle.

You are the leading wheat market in the Nation ... second in flour milling ... an important futures exchange.

As a supplier, the Kansas City area sends farm machinery all over the midlands ... along with fertilizer, feed and other supplies.

Kansas City is indeed a tremendous center of farm marketing and merchandising ... a pioneering gateway in the development of agriculture in the bread basket of the Nation.

Address by Secretary of Agriculture Orville L. Freeman at a luncheon of the Kansas City Chamber of Commerce, Hotel Continental, Kansas City, Mo., 12:00 p.m., CST, Thursday, August 30, 1962.

Table 3.- Per farm income would drop 25 percent
under the CED proposal 1/

| Economic class (value of sales) | Projected average income per farm | | | | | | | | | |
|------------------------------------|-----------------------------------|---------------------------------|------------------|-------------------------|-----------------|----------|-------------|-----------------------|-------------|----|
| | Number of farms | Number of farm workers | Cash receipts | Gross farm income | All | | | Realized | | |
| | | | | | pro- duction | expenses | income | net farm income | 3/ | |
| | | | | | | | | | | 2/ |
| | <u>Thou.</u> | <u>Thou.</u> | <u>Dol.</u> | <u>Dol.</u> | <u>Dol.</u> | | <u>Dol.</u> | | <u>Dol.</u> | |
| \$5,000 and over | 1,100 | 2,500 | 27,000 | 28,000 | 24,000 | | 4,000 | | | |
| \$2,500 - \$4,999 | 4/ | 4/ | --- | --- | --- | | --- | | --- | |
| Under \$2,500 | 1,000 | 1,000 | 1,200 | 1,900 | 1,050 | | 850 | | | |
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Address by Secretary of Agriculture Orville L. Freeman at a luncheon of the Kansas City Chamber of Commerce, Hotel Continental, Kansas City, Mo., 12:00 p.m., CST, Thursday, August 30, 1962.



I want to talk to you a few moments about an idea.

As you know, my friends and I are in Kansas City today specifically to inspect and dedicate the new U. S. Department of Agriculture building at Ward Parkway, and the new Data Processing Center which it houses.

This building is an outstanding facility ... and the automatic equipment is a marvel of the electronic age.

It is important to emphasize, however, that we are here not so much to dedicate a building as to RE-dedicate and re-affirm an idea. The idea that farmers and the American public must be assured of the utmost efficiency and good management in farm programs ... to make them as effective as possible at lowest cost.

I hope I can convey to you some of the enthusiasm we feel toward this particular event. Today's dedication is a real milestone in our program to modernize and improve the administrative machinery of one of the great departments of Government. It goes back quite a few months and has involved much effort by many people.

Important changes are under way in the Department of Agriculture. We are marshaling every resource possible to strengthen management and administration at all levels. We are doing this through a fusion of leadership, electronics, and plain hard work.

The Department of Agriculture is a big agency, and its size makes good management imperative -- but more difficult at the same time. The Department grew to its present size -- a hundred thousand people -- in response to the different legislative assignments that have been given it over the years.



The Department now touches the lives of every person in America every day ... as it carries on a great variety and diversity of useful activities. It helps farmers grow better food and fiber. It helps processors, shippers and retailers to do a better job of getting it to the consumer -- who ultimately benefits from all this activity.

Administrative difficulties stem from several sources.

Problems have sometimes been created by the fact that laws affecting the basic commodities have too often been enacted on a more or less emergency basis. There has not always been sufficient consideration given to the rapid changes that are taking place in agriculture and the need for more permanent programs.

I have also found that the Secretary of Agriculture -- with management responsibility for the entire Department -- does not have the management controls he needs to carry out that job. In some instances, lines of authority need to be straightened and strengthened.

Finally, throughout the Department -- as in any large organization -- there are opportunities for new ideas, new procedures, and new economies, if they can only be harnessed.

This is the background against which we have undertaken a dynamic program to achieve better management in the Department of Agriculture. We have these objectives:

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To carry out policy as effectively as possible, at all levels.

To prevent wrongdoing.

To provide better public service at minimum cost.

Let me tell you some of the things we are doing here in Kansas City:

Number one, we are consolidating under one roof several offices of the Department of Agriculture, which were not only in different buildings but in different cities. In this way, we are achieving some definite economies and strengthening these services.

Number two, we are bringing into operation a dramatic new Data Processing Center which will use the most advanced automatic equipment in carrying out the big commodity management job that we have on our hands in USDA.

Number three, we are setting the direction for consolidation and streamlining of Department operations in other locations around the country. These actions are part of an intensive over-all program to strengthen administration and service in every area of the Department.

By bringing to Kansas City some Department functions, which have been located elsewhere, we will make it possible for those offices also to make use of the Data Processing Center.

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Specifically, we are transferring the Federal Crop Insurance Corporation personnel from Chicago -- about 140 of them -- to the new Ward Parkway location. We are bringing to Kansas City two units of the Agricultural Stabilization and Conservation Service that have been located in Denver.

Along with this, we are moving the Kansas City Commodity Office of ASCS from its old location on Westport Road to the new building. And we are creating, as a separate Department-wide unit, the new Data Processing Center -- which is drawing personnel from Commodity offices in other parts of the country as well as from Washington, D. C.

Also located there will be the Kansas City office of the ASCS Internal Audit Division and the Kansas City Regional Office of the USDA General Counsel. All in all, we will have about 830 people at the new location.

All this under one roof. That is what we will be dedicating later this afternoon. Those are some of the reasons for our enthusiasm.

Not all USDA personnel in Kansas City will be located in the new building, but the great majority will be. Others will remain in locations dictated by the work they are doing, including work at the stockyards and other markets in the city.

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The new Data Processing Center was announced by the Department last October. Its first objectives are to consolidate all price-support loan accounting for grains and to develop a system for the management of all CCC grain inventories.

This means the Center will be keeping records for all grain price-support operations -- in every county in the country -- at a saving of \$800,000 a year. Later on, we expect it to take on inventory accounting for all Government-owned grain stored throughout the U. S. -- a saving of \$1.2 million.

Those are no mean assignments, as you will realize.

In a typical year, we transact around a million price-support loans on grain.

We have about 1.2 billion bushels under loan right now -- from the 1961 crop.

There are at this moment some 1.8 billion bushels of grain in CCC inventory. The management of CCC grain inventories is an immense job.

The Department has in force about 8,000 warehouse contracts under the Uniform Grain Storage Agreement -- covering 11,000 elevators in 44 States.

Only with the monster machine could we ever hope to provide centralized accounting for a business of such magnitude and such diversity of location. Only in this way can we cope with the tremendous management job that the commodity programs have in recent years become.

This -- I might point out -- is a development of the past decade.

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Ten years ago, the Department reported loans and inventories amounting to \$2.5 billion -- not an especially burdensome supply. By the end of 1960 -- the Government's obligations had ballooned to \$9 billion worth of farm commodities that cost us a billion dollars a year to handle and store.

During that period, feed grain carryovers quadrupled. The wheat carry-over increased five-fold, rising to some 1.4 billion bushels. That rise in stocks put us in the grain management business in a big way.

Records of price support loans being made on grain in more than 3,000 counties will be funneling into Ward Parkway.

These county offices -- relieved of much drudgery and paper work -- will be able to provide more and better personal service to farmers and to provide better supervision of local operations.

We can reduce operating expense. We can compile bills faster and make payments to warehousemen more quickly.

We can process freight bills more rapidly ... and pay them off more speedily.

The CCC will have a running check on just how much grain it has under loan. When it wants to sell grain, it can get its hands on warehouse receipts more quickly -- in order to take advantage of a particular market price.

The Data Processing Center has greatly enhanced the ability of the Kansas City Commodity Office to move or sell our large volumes of grain.

Suppose for a moment the CCC had an order from a foreign country for so much grain ... of a particular quality ... protein and sedimentation test ... and a certain moisture content ... delivered dockside in St. Louis.

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The Data Processing Center could tell us almost instantly where such a shipment could be obtained most quickly and with least transportation cost. The Center is already handling that kind of inventory control for a five-State area, and, as I said, it will eventually take over grain inventory work for the whole country.

In time, we hope that the Center will be able to expand the work it does for county offices. This might provide us, for example, with greatly improved control over the determination and disposition of acreage allotments.

What we see now ... is only the beginning. The Department is reviewing all of its activities, to discover those that can be handled better through data processing.

We have two other automatic data processing centers. The one in New Orleans is handling cotton price support and inventories. It will gradually take on Department payroll and budget accounting and personnel management -- at a saving of \$1½ million a year.

The Center in New Orleans also handles records of the Dairy Herd Improvement Association, providing information that under the old method would require 10 times as many employees. This service is highly prized by the Dairy Industry.

The third Data Processing Center, in Washington, D. C., will deal mostly with economic information -- especially crop reporting and estimating.

We will soon be able to announce a fourth Data Processing Center, to be located somewhere on the West Coast and to be used primarily for forest products' inventories and engineering applications.

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These are not isolated developments. They are all part of a carefully planned over-all program to strengthen the administration of the broad programs assigned to the Department by the Congress of the United States.

We began early last year what I like to call the "self survey" approach to improved administration. It means the study of operating systems and the finding of better ways to carry out programs with minimum cost and personnel.

Special self survey task forces were set up to study ways of improving administration and service. Some 480 projects have been identified for study, and about 60 have been completed to date.

We found, for instance, that we could save hundreds of thousands of dollars a year with new techniques in aerial photography for cropland measurement. We are saving another \$500,000 with a new way of paying the reporters who do the measurement work.

In 10 months, we saved over a million dollars with a new method of selling corn when large quantities are involved -- on a "round lot" basis direct to users.

In the last two years, the workload of ASCS county offices has increased 82 percent -- due mostly to the special wheat and feed grain programs. Yet we did this work with fewer man-years than were used in 1958.

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By the way, the next time anyone tells you that this Administration's farm programs call for new armies of Federal employees to tell farmers what to do -- remember this:

From January 1 last year to January 1 this year, the full-time Federal employees of ASCS -- the price support agency -- actually declined by 768 people.

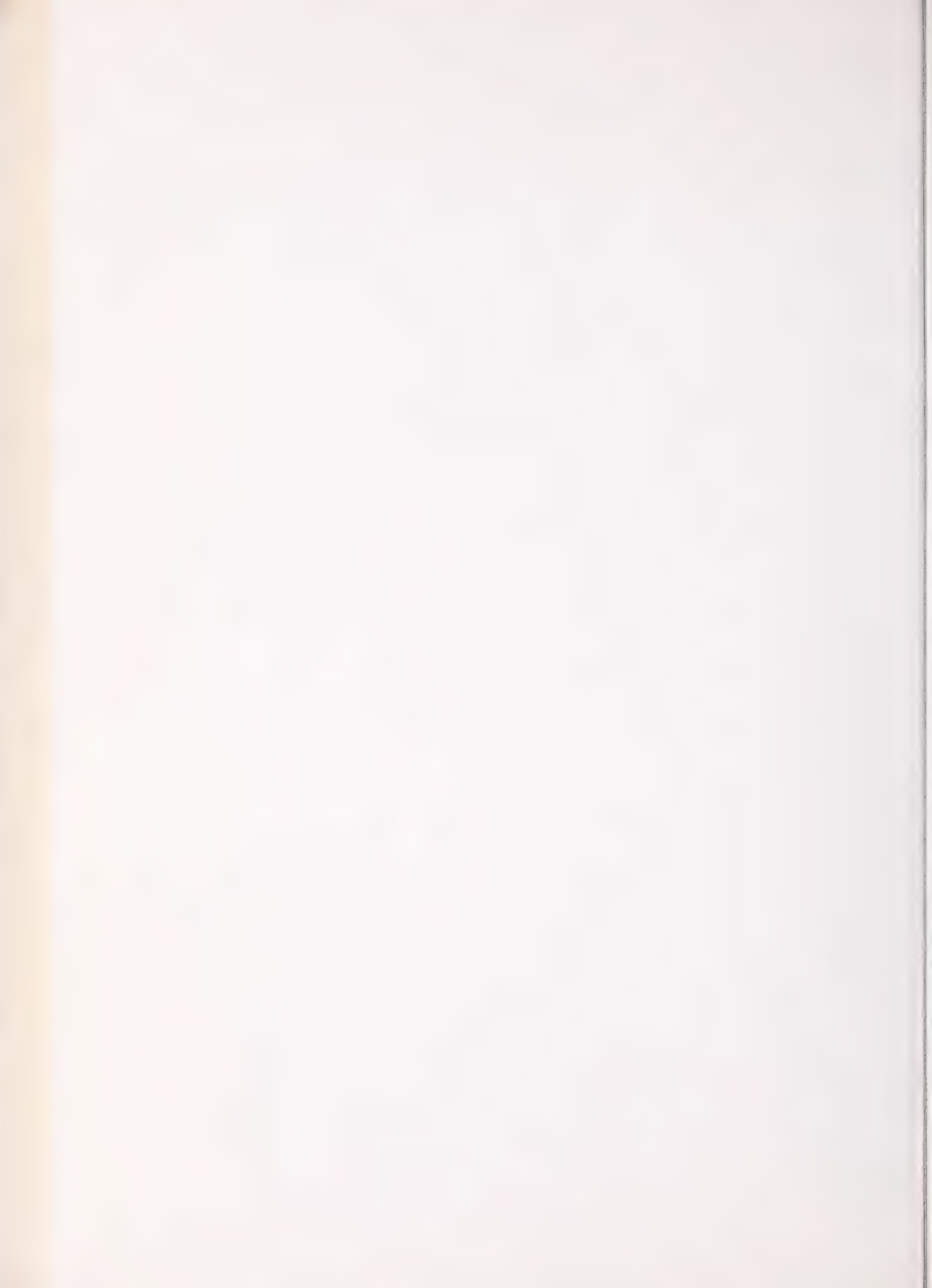
The Forest Service is saving \$150,000 a year with new ways of fighting certain tree insects -- and is using this money for insect control on an additional 7500 acres.

The Federal Extension Service has streamlined its programs and consolidated projects. Now, instead of 15 to 40 projects per State, there is an average of 8 per State.

The Soil Conservation Service is saving around a million dollars a year with new time and reporting systems and a new way of preparing topographic maps.

The Department carried out its Soil Survey work this year at a saving of a quarter of a million dollars below what the same amount of work would have cost in 1960.

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One of the original charters given to the Department when it was established by President Lincoln a hundred years ago was to disseminate information. The Department now has 1,800 separate mailing lists, composed entirely of names of people who requested inclusion on these lists. We are working now to bring these lists under the control of automatic data processing -- at a substantial cost saving.

We established last December an Office of Management Appraisal and Systems Development to provide leadership and coordination for planning and developing automatic data processing and other management policies.

In June, we established a central Office of Internal Audit and Inspection, to report directly to me and to be charged with maintaining the highest standards of performance in all internal audit and investigation. That office has broad authority to review and cross-check the investigations now carried out in 10 major agencies by some 700 people.

We have also instituted the tightest measures yet taken to guard against shortages of commodities stored by CCC in commercial warehouses. Included are new and stiffer procedures for dealing with shortages, and proposed new bonding requirements.

Those are just a few of the management improvements being made in a Department which I consider to be one of the most successful in Government. In office after office, I have seen small groups of USDA employees of modest salary grade, carrying out responsibilities of great magnitude.

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A small band of Federal meat inspectors is responsible for assuring the wholesomeness of the meat we had for lunch today ... and every day. Federal inspectors, with the full cooperation of the meat trade, condemn or reject a million pounds of meat on the average working day.

In the grading branch, each meat grader must handle 19.5 million pounds of meat a year.

The Commodity Exchange Authority, which some of you know very well, oversees trading in 16 commodity futures markets -- a tremendous responsibility. Yet the whole of CEA has only 125 employees.

The Department of Agriculture is 100 years old this year. In that century it has become in every respect the "people's department" that Abraham Lincoln said it would become when he established it in 1862.

The Department's responsibilities are great. The management job has grown. And it is appropriate that we enter the second century of USDA with the determination to make it meet fully, and as efficiently as possible, all its responsibilities to the people it serves.

Kansas City is a hub in this enterprise ... as it is in the whole of agriculture. Agriculture is Missouri's ... and America's ... biggest business. American farming is history's finest mechanism for the life-giving process of food production.

You of the business community of Kansas City have had a pioneering role in all this.

We have problems in agriculture .. but we have great opportunities. We welcome the chance to work with you in their pursuit.



FEB 19 1964

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Secretary of Agriculture Orville L. Freeman said today that the consolidation of a number of Department of Agriculture functions at one location in Kansas City "is an expression in steel and mortar of our determination to do everything possible to reduce the cost of administering farm programs."

The Secretary spoke at a dedication ceremony for the new USDA building in Kansas City, which houses the Department's new Data Processing Center and other offices.

He said:

"We have an obligation to do everything humanly possible to assure effective, economical discharge of the public's business. Within the Department of Agriculture we are moving vigorously to that end. Management of the entire Department is undergoing a searching review and is resulting in improved operations. We are turning the common sense and experience of our capable employees to the solution of our problems.

"One area of improvement in which I am taking a personal interest is represented by the Center that we are dedicating today. Consolidation of offices and functions wherever this will strengthen administration is a goal that is very much before us.

Summary of remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at a dedication ceremony for the new U. S. Department of Agriculture Building and Data Processing Center in Kansas City, Mo., 4:30 p.m. CST, August 30, 1962.

"The employees here and this building symbolize dramatically the economies to be obtained by minimizing duplication, overhead, record keeping and reporting and other areas of administration. Common services, cooperative effort, increasing responsibilities and a nationwide data processing center are clear evidence of our Department's dedication to provide ever better service to the farmer and to the business community.

"Housed now under one roof are offices that were formerly occupying space in Chicago and Denver, as well as Kansas City. Work is being done here that was formerly done in Dallas, Portland, Minneapolis, and Chicago, as well as Kansas City. Farmers are better served because county offices can communicate directly with the Data Processing Center rather than through an intermediary. The public is better served because one set of records suffices where five were formerly required. Control is simplified and information for moving, concentrating and selling grain is more readily available, all at a cost reduction of \$800,000 per year.

"By bringing together the Personnel and Administrative Services offices formerly in both Denver and Kansas City, we are able to service more people, just as effectively as before, with annual salary savings in excess of \$60,000 a year.

"The initial economies, improvements in service, and strengthening of controls that are represented by this consolidation are only the beginning. We have under way plans to centralize the accounting and related paperwork required for managing CCC grain inventories. Expectations are that within a year or two the Data Processing Center will be receiving and sending data to the four out-lying commodity offices from a central set of accounts at a saving of \$1.2 million per year. Again, the results will be better control from consolidated records, more timely reports, and faster service to businessmen.

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USDA 3101-62

"The Federal Crop Insurance Corporation will soon begin to share the time of the equipment to provide better service to its customers and maintain more complete and current records than are possible through conventional means and at a lower cost.

"We plan as rapidly as possible to examine other possible benefits to be obtained from utilization of the marvels of modern technology. We are experimenting with machines that will read typed papers and convert that English language to machine language on magnetic tape. Within two years we should be able to do just that.

"It is in this framework then that we dedicate this building, its immediate benefits in terms of more economical and better service with improved controls and the longer range promise for further consolidation and exploitation of advanced technology to constantly improve the manner in which we discharge our public trust."

The Secretary, speaking to an audience composed largely of USDA employees and their families, said further:

"I wish to reemphasize the earlier statements I have made regarding the high performance and high personal standards of the employees of this Department. Since coming to the Department early last year, I have been repeatedly impressed by the tremendous dedication of the career service and the conscientious way that Department personnel carry on their responsibilities in the administration of complex programs often involving large sums of money.

"The fine record of Department employees is the more praiseworthy because of the fact that ethical standards are generally more demanding in Government than they are in many other kinds of business and professional life. Also, wrongdoing in Government may be exaggerated in relation to other types of wrong

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behavior because the public spotlight is brought to bear so much more readily and mercilessly, and the results are broadcast so much more widely.

"I wish all of you the best of good fortune in your pioneering work here. I sympathize with those of you who may have experienced problems in moving here from other cities. I know you will find Kansas City a progressive and forward-looking community.

"Best wishes to all of you."

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USDA 3101-62

Washington, August 31, 1962

Statement by Secretary Freeman Regarding Thursday's Wheat Referendum:

"The result of the wheat referendum is a significant victory for the wheat farmer and a strong expression of the need for farm programs. The favorable vote was less than it has been, but under the circumstances in which the referendum was held this year, it is a significant expression of support for farm programs.

"The fact that the margin of approval was down clearly indicates the basic frustration and confusion among farmers brought on by the wrangling and delay over farm legislation. The referendum shows that wheat farmers obviously want a program which provides realistic opportunities for better income and for sound progress in bringing wheat supplies into balance.

"In the absence of new programs, the choices which could be offered under the permanent legislation now on the books provides neither objective -- and the vote speaks plainly that farmers consider it a choice between two poor alternatives.

"I would interpret this referendum as a specific demand for better action on farm legislation than we have seen to date.

"For the long term interests of wheat farmers, I am glad the referendum was approved. A concerted drive was made to defeat it, and the fact that this effort failed during a time when it was possible to take advantage of the frustrations and confusions of wheat farmers is a strong indication of their desire for realistic farm programs."

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Mr. President:

This is a momentous occasion. I appreciate deeply the privilege of taking part.

Here today, the United States is joining with many other nations in a new combined attack on hunger. My country and yours are pledging resources-- and enthusiasm-- in a cooperative effort to improve utilization of the world's food supplies. We are truly serving mankind in implementing this new multi-national World Food Program. At the same time, we are taking another important step toward the goals of the United Nations development decade.

We all know and appreciate the tremendous seriousness of the problem that faces us. It can be stated simply. In some countries, food supplies are abundant. In others, accounting for over half of the world's population, people are undernourished or malnourished. These contrasts cannot be permitted to continue indefinitely. Most of the food-deficit countries of the world are politically independent, or are in the process of gaining their independence. With independence has come impatience--impatience not only with a generally unsatisfactory standard of living, but especially with a lack of the fundamental needs of life--above all, food.

In a very real sense, there is no surplus of food anywhere as long as food can be sent to those who do not have enough to eat. To me, it is a moral imperative that we make maximum effective use of our God-given abundance. The World Food Program will help us do that. Today we serve notice as we pledge resources and cooperation that we stand together in the fight to banish hunger from the world. It can be done.

Statement by Secretary of Agriculture Orville L. Freeman before the Pledging Conference of UN/FAO World Food Program at United Nations Headquarters, New York, N.Y., Wednesday, September 5, 1962, 12 noon.

The hunger problem that faces us continues to be formidable. Although 1962 food production figures are not yet available, the U. S. Department of Agriculture has received enough information to indicate the world food picture in 1963 will be about the same as in recent years.

On the basis of our early reports, there is enough food in the economically developed countries to provide adequate diets. Production levels in the United States, Canada, and Australia will be far above the world average. Other industrialized nations, largely in the temperate northern areas, will either produce enough food to meet needs or will be able to purchase additional supplies abroad.

However, for millions of people, mainly in the less-developed countries of the semi-tropical and tropical areas, chronic malnutrition--even hunger--will continue to be a grim fact of daily life. In these countries, gradual gains in food production too often are cancelled out by rapid gains in population.

When we speak of hunger, we must also speak of its causes. Food deficits have many causes. Among them are land resources, climatic conditions, farm techniques, population trends, trade policies. A very important cause of food deficits is economic underdevelopment--in other words, poverty. The World Food Program will help us attack hunger directly, and it will also enable us to buy some of the time needed to promote the economic growth projects which, in the final analysis, are the only cure for poverty.

The World Food Program is frankly experimental. It will, for the first time, provide food surpluses for economic development to food deficient peoples through the United Nations system.

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The new program will start off on a modest scale. It will supplement, not replace, the bilateral food aid programs already being carried on by individual countries, including the Food for Peace Program of the United States. Let us not be concerned, however, about the modest initial size of the operation. It can grow--and I think that it will grow--because it is based on a sound premise. It is predicated on the idea that a problem that is international in scope and impact needs to be approached through the joint effort of many.

Development of the program thus far is a tribute to many minds and hands, and we of the United States are proud to be associated in its development.

I am pleased to recall that we were one of the sponsors of the Resolution approved by the General Assembly in October 1960. That Resolution, among other things, called for a study of how food surpluses might be distributed under international auspices. The Director General of FAO early in 1961 prepared a challenging report, "Development through Food", which placed strong emphasis on the role of food in promoting economic growth. The Director General's ideas were transmitted by the UN Secretary General to the Economic and Social Council. A multilateral approach to food distribution was considered in various meetings of FAO and the United Nations in 1961.

It was my privilege to address the FAO Conference at Rome in November 1961 and pledge the strong support of the United States to establishment of a World Food Program. I followed with keen personal satisfaction other steps of FAO and UN to establish this program. I am very happy to be here today--to take part in this pledging ceremony--to help give reality to what was only an idea less than a year ago.

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The United States is pleased to offer food, cash assistance, and ocean transportation services to the World Food Program--to join other members of the United Nations and the Food and Agriculture Organization in this great cooperative effort.

The United States herewith pledges \$40 million in commodities and an additional \$10 million in cash and ocean transportation services on U. S. vessels. This is the American contribution to the total of \$100 million for all countries taking part in this experimental program.

The U. S. contribution of commodities and transportation services will be made through the Public Law 480 program, while the cash contribution will come from the U. S. Foreign Assistance Program. In view of our internal procedures for annual appropriations, we are planning that the cash contribution be provided from the appropriations of three years separately, beginning with the one now before the U. S. Congress.

Our contribution of services is designed to cover ocean freight costs on U. S. vessels for half our commodity contributions. We estimate that the value at world market rates of this ocean freight will be approximately \$4 million. Our cash contribution is subject to appropriations in this and the next two years, and to the condition that our cash contribution does not exceed 40 percent of the total cash contributed from all countries. Furthermore, if the world market value of our shipping contribution should rise above \$4 million, our cash contribution of \$6 million could decrease but not below \$5 million.

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USDA 3149-62

U.S. food supplies available for this program are sufficiently large as not to require designation of a specific quantity of each commodity. Therefore, we are only naming the commodities. The quantities are to be worked out with the Executive Director of the Program on the basis of project requirements and availabilities at the time the commodities are needed, in accordance with the applicable U.S. laws and regulations.

The full \$100 million maximum originally proposed for this program seems to be almost in sight today. A few countries, we understand, have not been able to finalize their arrangements for pledging their contributions today. However, there are indications that these countries will also be able soon to make pledges which will raise the total to the maximum authorized by the basic Resolutions. Every bit helps, and even the smallest contributions will be important both as they meet human needs and also as they symbolize support in the ideal of working together to banish hunger and malnutrition.

Permit me to repeat that the new World Food Program will supplement, not replace, the existing Food for Peace Program of the United States. In our view, that operation also is essential in any campaign to ease world hunger.

It might be noted that through Food for Peace, U.S. farm products are supplementing the food resources of over 100 countries having a combined population of over 1.3 billion. In the six-year period, 1955-62, Food for Peace shipments had a total value of \$11.2 billion. That was about a third of total U.S. exports, valued at \$33.7 billion, during the period.

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USDA 3149-62

Food for Peace also has proved that food can be used to promote economic development. It is helping the underdeveloped countries improve their irrigation, reclamation, and reforestation projects; for improvement of railroads, highways, and bridges; for construction of electric power generating facilities; for building new hospitals, clinics, and schools.

How far we -- the nations here assembled -- can go in solving the world's food problems permanently will depend on how much we can promote economic growth. Economic growth can bring expansion of fertilizer production in the Far East, Africa, and Latin America. It can bring expansion of irrigation, of flood control, of farm-to-market roads, of food storing and processing facilities. Economic growth can provide productive employment for the workers of the underdeveloped countries. With jobs, workers can buy the food they need for themselves and their families.

The World Food Program, as I mentioned earlier, is experimental. The Director General of FAO, Dr. Sen, has commented, "the program is an effort to try out various alternative procedures all along the line," including the provision of food for emergency needs, pre-school and school feeding, and projects for economic and social development. The program calls for a full review of how each project is currently working out in practice and a final review after the project is completed.

Participation in a program means identification with and sympathy for the program's objectives. This, I feel, is one of the major benefits that will be derived. The enthusiasm of participation by a large number of member nations is invaluable. This enthusiasm is felt even when a nation is able to make only a limited contribution.

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The program gives many small countries a means of making their force felt in the war against hunger. The program, in other words, provides for a "team" on which many countries, large and small, may play. The United States, I can assure you, wants the team to have as many members as possible.

We owe a debt of gratitude to the countries which have served on the Inter-Governmental Committee to develop the arrangements and procedures for the operation of this program. Long hours and diligent work have been required of both FAO and UN staff members. An effective job has been done. The United States endorses precautions to safeguard the agricultural economies of recipient countries, and the agricultural markets of other countries in accordance with FAO principles.

I want to pay tribute to the Executive Director. I have been impressed by the unanimous support he received in the Inter-Governmental Committee. The strong beginning he has made augurs well for effective leadership over the 3-year experimental period.

Let me say, in conclusion, that we have wrought well here today. Our World Food Program is dedicated to the benefit of mankind; its approach is positive and constructive. Hunger is a problem that won't be solved this year, or the next, or the next. But the problem has been recognized. Progress is being made. One day, I am confident, hunger will be banished from the earth.

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7/19/62 I deeply appreciate the opportunity to speak to this convention of the American Political Science Association. I welcome this opportunity because I know that your scholarship extends beyond the ivory tower, and that your concern for problems of government encompasses an eagerness to help and a willingness to participate in the hard, tough battleground that surrounds that tower and conditions its existence.

It is possible that I may be prejudiced, especially since I have been officially credited, by highest authority here before your convention, with a graduate course in the field you represent; but in my opinion political science, of all the academic disciplines, comes closest to accepting a direct responsibility for not only broadening the field of existing knowledge but for putting that knowledge to its best use for the benefit of society. I believe that these goals were inherent throughout the Presidential Address delivered by Professor Radford before this body in St. Louis one year ago, when he emphasized "the three-point perspective of science, morality and utility" and when he concluded with this statement:

" . . . We will, unavoidably and purposely, be moralists: but we will be aware of our moralism and will be restrained by a sense of feasibility, by knowledge about human adventures, and by tolerance arising from a double heritage -- that of a pluralistic Western civilization and that of the searcher for truth. We will be policy developers; but policy developers with knowledge both of our abilities and of our limitations and with loyalties both to our society and to truth as it is established or believed. We will be scientists; but scientists guided by awareness of the relevance of scientific data to moral purpose and to the solution of human problems, and by consciousness of the many and varied routes to knowledge in a social science. Not in any single of these elements of perspective, but in all, will political science be whole."

From my point of view, the value of this wholeness of political science has been enhanced immeasurably, in our own time, by the increasing tendency of political scientists as individuals to combine experience in the ivory tower with actual participation on the battleground of practical politics. Not many years ago, at a Midwestern meeting of political scientists, one speaker reported on a

Address of Secretary of Agriculture Orville L. Freeman before the annual meeting of the American Political Science Association, at 8:45 p.m. (EDT) Friday, September 7, 1962, Mayflower Hotel, Washington, D.C.

scholarly study of metropolitan problems that had been sent to each member of the city council of a large city. The speaker deplored the fact that subsequent inquiry had revealed that only one of the members of that city council had even read this carefully prepared document, and he had some disparaging remarks about practicing politicians. In the discussion period that followed, however, the criticism of politicians was somewhat dampened when one member of the audience failed to get a single positive response -- from any of the political scientists present -- to the question as to how many of them had attended their last precinct caucus!

Great progress has been made since then. Many of you, now, attend precinct caucuses and conventions. Many of you seek and hold public office at all levels. It is because of this that I know you will weigh rather carefully the criticisms you have heard leveled at those of us who hold positions of responsibility by those who have little or no responsibility. It is easy to attack, to oppose, to raise questions and criticisms and doubts -- but this body, above all others, knows that it is less easy to govern, to solve and resolve, to overcome the limitations on executive leadership which are enforced by our Constitutional separation of powers, by a coalition of opposition in the Congress and by a sense of complacency in the country.

For myself, I do not understand how the President can be accused of both a grab for power and an excess of timidity -- of both pressuring the Congress too much and pressuring it too little -- of committing his administration to too many objectives and committing it to far too few. And I am particularly amused when such criticism comes from a so-called liberal Republican who, on the Health Care bill for example, was unable to convince his closest friends and the ranking members of his party to support his own position. He delivered 4 votes in addition to his own on Health Care and 3 votes on the Department of Urban Affairs. The Government of his state, whom he has cited as an example of leadership, has been unable to persuade the vast majority of New York Republican Congressmen to follow his position on any of these matters, including

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even trade and aid to education.

I did not intend to engage in a partisan discussion, however, at this time. I know that all of you, regardless of party, are able to evaluate the significance and discern the motivation of such charges as those you heard last night. I know that you are more concerned -- as the President is concerned -- with the future of freedom, with the ability of free men and free governments to adapt themselves to the fast-moving changes which confront us in every area.

I believe that the future of freedom depends upon the extent to which democratic institutions can meet the challenge of change -- of many kinds of change -- of changes that are revolutionary in their nature and breathtaking in their rate.

This, in itself, is not new. Society has always had to adapt to change, and there has always been a social lag. But there is a new element that adds to the intensity and urgency of the problem. There has never before been a time when society has been called upon to adapt so much and so rapidly to scientific and technological progress that is so explosive -- literally as well as figuratively -- as that of today.

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Revolutionary as the tremendous acceleration in scientific development has been during the past few years, this is merely a prelude to the greater and more far-reaching revolution that lies in the years just ahead. Hence the urgency of building social and political institutions adequate to meet the challenge of the new science and the new technology.

Scientific and technological progress is a factor of utmost importance to American agriculture. Millions of farmers, spurred by the incentive and pride of ownership inherent in the American family farm economy, have applied new discoveries and new methods to their own operations to produce a dramatic increase in productivity that overshadows increases in other major sectors of our economy.

The following figures demonstrate the rate of acceleration of this increasing productivity. In 1900, 37.5 percent of our labor force was in agriculture. In 1960, only 8.6 percent. A century ago one worker on the farm supplied less than 5 persons -- hardly more than his own family. It took nearly eighty years for this number to double, and by 1940 the number of persons supplied by each farm worker had risen to 10.69. Five years later, during the war years, that 10.69 figure had risen to 14.55; but the five post-war years saw little change -- 14.56 by 1950. But note the rate of increase during the decade of the 50's. By 1955 each farm worker supplied more than 19 people. By 1960 it was more than 26. Today it is more than 27. And it will continue to increase.

This amazing productivity has in fact brought about an age of abundance in agriculture. It is because we have not been able to adapt our policies and programs to this age of abundance that we have regarded it for too many years as a curse rather than a blessing. We have been prevented from making the best use of that abundance by concepts that had validity only in an age of scarcity.

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Our failure to meet this challenge of abundance is a major factor underlying the most difficult agricultural problems we face today. I should like to invite you to review with me three major aspects of these problems: first, the need for a sound, comprehensive national farm program to manage our abundance; second, significant questions involved in the administration of programs of such magnitude; and third, the role of American agricultural abundance on the world stage.

The need for a farm program to manage abundance is urgent and critical.

As of now, farmers are the one group within this Nation that has benefitted the least from their own productive efficiency. Consumers have been provided with more and better food at less real cost than ever before in history. The release of labor from the primary task of providing food has been a basic factor in our industrial growth. But the farmer -- even with last year's 10 percent increase in income -- now averages a return for his labor of less than a dollar an hour. We need agricultural policies and programs that will give the farmer an opportunity to earn a fair and equitable return comparable to that earned in other segments of our economy.

But justice to the farmer is not the only reason for a new farm program. The cost to the Government of carrying huge surplus stocks is far too great a burden. Every taxpayer will benefit from a farm program that will gradually reduce these stocks and effectively prevent their recurrence.

The basic fact that we must recognize is that American agriculture is producing more than we can use. The demand for food is inelastic. If your income doubles, you may buy twice as many clothes, twice as many cars, or twice as many TV sets, but you cannot eat twice as much food.

Even a small surplus of food drives prices down. History shows that lower prices still tend to cause the farmer to raise still more. Most of his expenses are fixed. In the absence of effective programs, the only way he sees to counteract lower prices is to produce and sell more. Acting alone, he has no other choice.

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This Administration's farm program offered to farmers producing those commodities most in surplus, wheat and feed grains, the same kind of program that has worked so well for many years for cotton, peanuts, rice and tobacco. It offered the farmer the opportunity to choose, by means of a democratic vote that required a two-thirds majority, whether he would, in effect, contract with the Government to limit his production in return for price support. No compulsory or mandatory feature would apply except when voted by a two-thirds majority of those concerned. This is no more restriction on freedom than is the observance of any other law enacted in the public interest. The freedom to plant 10 or 20 more acres of corn is far less important than the freedom to enjoy a high standard of living made possible by a fair income.

Under this program, taxpayers would have benefitted by the saving of hundreds of millions of dollars in the cost of storing surplus stocks. Farmers would have gained an opportunity to earn incomes comparable to those earned by other economic groups. Other features of the Administration Bill would have emphasized the best use of our land resources, and the elimination of rural poverty by bringing new economic opportunities into rural areas.

Only a part of this program can be achieved this year. Our failure to achieve the basic supply management features of this program is in part due to opposition of particular interests. It is in part due to a very narrow, partisan opposition that singled out agriculture as the area in which to crack the whip in a purely partisan opposition to an Administration program. It is in a large part due to a widespread lack of public understanding that, in my judgment and experience, is more prevalent with regard to problems of agriculture than it is with regard to any other major public question.

If the public understood the need for this program for production control and the disastrous consequence that it is designed to prevent, I believe its acceptance would be assured.

The Committee for Economic Development recently issued a carefully prepared alternative -- a 5-year plan to abandon all farm programs. It assumes that by forced acceleration of the already high rate of out-migration from agriculture, it could reduce the number of farmers by 2 million in 5 years, and that the remaining farmers

would then produce no more than we could use.

Analysis of this plan reveals that its consequences would be disastrous. Even with the drastic reduction in number of farms, the income per farm would be likely to drop an average of 25 percent. The family farm system, that has developed the world's most efficient agriculture while it serves as a bulwark for the social and cultural values of rural America, could hardly survive so drastic a drop.

Control of production would tend to pass into the hands of corporations developing vertical-integration and contract farming. And, even with such a drastic decline in the number of farmers that production would be lower for a while, the continued trend of increasing productivity would soon bring about a new cycle of overproduction.

The CED plan would accelerate the decline of small towns and the business and service enterprises that serve the farmer. It would transfer the problem of rural poverty to urban areas, where the influx of farmers forced off their farms would add to the problem of unemployment and put an additional obstacle in the path of economic growth.

Thus I am convinced that public understanding of this alternative to production control would result in acceptance of the basic principles of the Administration's farm program.

Increased public understanding would also make it apparent that the production control measures proposed by this Administration would merely provide agriculture with a means of doing, through government, what most industry does for itself when it adjusts its production to the amount that it can sell at a profit.

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It would also make it clear that agriculture is not the only field in which we must face the challenge of abundance. Overproduction in agriculture and technological unemployment in industry are parts of the same phenomenon. Progress toward solving the problem in one field will help to find the solution in other fields.

We must learn how to manage, in the best interest of all, the abundant productivity that is now reflected in agricultural overproduction and technological unemployment.

We must learn how to redirect excess resources into those important areas of public service, of health, of recreation, of education, of urban and rural development and renewal, in which scarcity still stalks in our affluent society.

Democratic institutions dare not fail to meet this challenge of abundance. Complicated and difficult as it is, it is a happy challenge as compared with problems of scarcity. It will certainly require different approaches and different rules, and perhaps even different values, from those that were adequate in an age of scarcity. A new farm program to manage abundance will be one major step toward meeting that challenge.

The second problem area in agriculture in which today's challenges call for action falls in the realm of the administration of supply management programs. As these programs expand in scope and magnitude and increase in responsibility, they present difficult and somewhat unique problems in public administration.

From the inception of programs for the control of farm production nearly 30 years ago, there has been developed a committee system that extends down through State committees, county committees, and even community committees of farmers within the area encompassed by a township. Community committees are elected by the farmers. County committees are elected by the chairmen of the community committees. State committees are appointed by the Secretary of Agriculture. County managers are employed by county committees, paid out of Federal funds.

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The committee system as a whole exercises functions that are perhaps unique in the American system of government, in that they not only administer programs directly affecting millions of farmers, but they even examine the crops growing in the fields and measure the acreage on which they are grown. Some 90,000 people in more than 3,000 counties are involved.

The principles which underlie this committee structure are, in my opinion, basically sound and truly democratic. The committees help to administer programs that operate directly on the citizen in his daily life and work. The success of these programs is dependent upon strong support and complete understanding at the grass roots, and upon participation by the farmers themselves on local and county levels. For this reason, as well as in the interest of democratic participation in programs which must of necessity be national in their scope, I believe that the committee system has an indispensable function to perform. I also recognize that the effective performance of this function, through such a structure, presents innumerable and difficult problems.

How do we reconcile problems that may arise when laws passed by the Congress of the United States are administered by farmers elected by their neighbors in a local community?

How does the Secretary of Agriculture direct the activities of county managers hired by elected county committees?

How can we insure adequate two-way communication all the way down -- and up -- the line?

How much responsibility shall be assigned to part time committeemen, and to local full time officials?

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What are the best techniques for electing or selecting the people who work on State and local levels?

How can we secure participation by the ablest and best qualified farmers?

How can we provide a degree and level of participation that is meaningful and important enough to command the interest and time of such citizens -- and yet insure compliance with overall policy that is and must be centrally determined?

What are the areas for citizen determination as distinct from the function of the expert or specialist?

How can in-service training improve operations?

How much supervision, control, direction and discipline is required, and how can this be exercised most effectively?

This list is not complete, but it is sufficient, I think, to indicate why I sought the assistance of the best qualified people I could find in our current study of problems relating to the functioning of this ASC committee system in agriculture programs.

A committee of political scientists and others, well qualified by experience and training, and including representatives of farmers and farm organizations, the agricultural extension service and State departments of agriculture, is now studying the whole problem. I expect to receive from them a constructive report before the end of the year. I look forward to the results of this study as a basis for materially improving the structure and operations of the committee system, to the end that it will be able to carry out its essential functions most effectively.

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To the extent that we can do this, we will not only strengthen all of our commodity programs, but I believe we will make a real contribution to the maintenance of democratic principles in many other operations that involve "big government" and its relations to citizens. Answers we find to the questions we are asking would have real value beyond the field of agriculture. They would be useful and meaningful wherever increasing centralization generates real concern lest government get so big and so far away from the citizen that democracy itself is believed to be threatened. They would have real value in developing techniques and methods whereby citizen participation can bring the people closer to their government. They would have some validity wherever we seek to combine unified policy and centralized control with decentralized administration.

A third area in which the changes that characterize today's world directly affect programs of the Department of Agriculture is found in the role that our abundant agricultural productivity can play on the world stage.

I have given much attention to the question as to how we can best use this abundance to contribute something toward the "revolution of rising expectations" that is taking place in those nations in which a majority of the world's people live, in which scarcity of most of man's physical needs is a dominant characteristic, and in which the people are insistently seeking to achieve the levels of well-being that they see in the richer nations. In this effort the Department of Agriculture is working in close cooperation with the Agency for International Development, which has direct responsibility for such programs.

We seek to maximize the contribution that American agriculture can make in three ways.

The first is through our Food for Peace Program, under which we have contributed \$11.2 billion to relieve hunger, meet emergencies, and promote economic development. We are constantly seeking to improve and strengthen this program, to find ways to make it more acceptable and more effective, to eliminate waste, and to overcome the very substantial obstacles that few American realize lie in the way of a generous program to give to those who need them the essentials of life.

But, we know that, however successful we may be, this is not enough. Just as we would seek to help a hungry man by first feeding him, our second step would be to try to help him to help himself, thus we seek to contribute -- not only the fruits of our productivity -- but also of the know-how that makes this productivity possible. And in this technical assistance effort, we know the importance of providing more than the scientific and technological know-how that will produce more and better crops. We regard as even more important assistance in building the kind of social, economic and political institutions under which economic growth can proceed in a free society.

In this field of technical assistance we seek ways to develop more effective programs, and to make our programs of foreign assistance more acceptable at home. We seek ways to make the most of our superiority in agricultural productivity as an appeal to the people in the emerging nations to recognize the role of free institutions in making that superiority possible. We have only recently begun to use this appeal in our information programs abroad. Yet I learned when I studied the problem in India that the aspect of our Nation's strength that appealed to them most was not our progress in planes or missiles, but the ability of 8 percent of our working force to produce more food than we could use. In all of my travels in the under-developed nations of Southern Asia and the Far East, I received no more public approval than I did when I suggested that, to hundreds of millions of hungry people, bread and rice on the table were more important than satellites in the sky.

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We have just launched a third approach to maximizing the role of American agriculture on the world scene. This week, at a pledging conference at the United Nations, we formally set up a program for international cooperation in food assistance that I first suggested at the Food and Agriculture Organization conference in Rome nearly a year ago.

International agricultural relations present problems in a new dimension. We are increasing our efforts to solve these problems in cooperation with other nations. We seek the most constructive development of international commodity agreements. We are concerned with finding ways by which the advantages of stable prices and markets might be assured to nations that produce tropical agricultural commodities such as coffee, and thus give the greatest possible assistance to them in their struggle for economic growth and well-being.

I believe that the forces of international interdependence, combined with increasing agricultural productivity in many other nations, will so affect domestic agricultural problems that one might safely predict that we may before long be seeking ways to meet the problem of overproduction on an international basis, and perhaps even develop agreements for international production control.

At the beginning of this discussion I stated my conviction that the future of freedom depends on the way democratic institutions meet the challenges of revolutionary and rapid change that are so characteristic of our society.

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I have pointed out that the change from the age of scarcity to an age of potential plenty now demands a new program to manage our agricultural productivity, and that it is not only in agriculture but in other fields as well that we will have to adapt our policies and institutions to meet the challenge of abundance.

I have suggested that government programs of increasing magnitude impose administrative problems that we must face and solve to make democracy work, to sustain individual worth, and to maintain meaningful freedom in a world in which constantly increasing size is a characteristic of both private and public institutions.

I have further noted the expanding role that American agriculture is called upon to play on the world scene.

In connection with each of these I have indicated serious problems and difficulties that must be resolved.

I should like to close this discussion with an observation that throws a tremendous share of the burden of responsibility for meeting the overall challenges we face squarely on the shoulders of those of you who study the science and art of politics, and on those of us who attempt to practice it.

The changes to which we must adjust today are the product of the greatest revolution in history, the revolution in science and technology that is now under way. This revolution enables us to look forward with confidence toward the conquest of those physical frontiers that may yet lie in the way of an abundance of material goods sufficient to meet the needs of everyone on earth for food and clothing and shelter.

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Yet we are afraid, today, because we do not have that same confidence that we can control the power we can harness. Our last great frontier -- the frontier of social, political, and economic relationships -- remains to be conquered. If we do not progress toward the conquest of this frontier with sufficient speed, it could indeed be democracy's last frontier. But if we do make sufficient progress on this frontier of human relations -- on all levels, from that of the farmer committee to that of international agreements -- we can catch a glimpse of a future of undreamed of possibilities.

Obstacles that must be overcome in the conquest of this frontier consist of countless problems for which the political scientists and political leaders of this Nation must find solutions. And the leaders and the experts must do more than find the solutions. They must sell those solutions to the people of the United States. Perhaps the job of building public understanding of the problems at hand and the choices we face in solving them will be even more difficult than it will be to arrive at the solutions themselves.

If I have any special appeal to make to you who are students and experts in this field, I would like to urge you to intensify your efforts at public education, to contribute more of the public service that you perform so well in such projects as the Continental Classroom. I would urge that, in the words of Jefferson, you seek "not merely to say things that have never been said before; but to place before mankind the common sense of the subject in terms so plain and firm as to command their assent."

For the political scientist has a more difficult job than the physical scientist. He not only has to find the answers, but he must express them in terms that the general public, the voting public, can understand.

Our faith in democracy impels us to believe that when the public understands, it will make the right choice.

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With adequate public understanding we will no longer raise more crops than we can afford to store, while at the same time we fail to find ways to provide green open spaces in which the millions of boys and girls who live in our crowded cities can enjoy nature's great outdoors.

With adequate public understanding it will never be said that, in these critical years of the scientific revolution, we were able to send men into space but unable to put bread and milk into the hands of hungry children.

With essential public understanding and support, it need never be said of this Nation and this generation that we had the scientific knowledge and technical skill to reach the moon and circumnavigate the planets, but we did not have the ability and the will to use that knowledge to produce and distribute the abundance that science and technology now offer to a world at peace -- or the social vision to secure, to ourselves and our posterity, the real values of freedom that lie at the heart of happiness for all men.

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I am honored to have this opportunity to participate with the leaders of the world food industry in opening the Fifth International Food Congress and Exhibition.

Beyond this ribbon there is a magnificent display of rich and varied foods. It presents a startling array of products representing innovations in processing, the convenience of packaging, the marvels of modern technology which transform raw products of the farm into wholesome, tempting foods of every conceivable description.

But I hope the wonders so evident to the eye will not obscure the deeper significance of this exhibition. For it is far more than a mere display of the latest fashions in food.

It is a symbol of the astounding productive power of our free society -- of the matchless capacity of our farmers to bring forth harvests in an abundance never before achieved.

It is significant, I believe, that the foods on display in this international show case are the products of free farms and the skills of free men. Science and technology have contributed to their abundance and the perfection of their usefulness, but the indispensable ingredients in our modern miracles of food production and processing are intangibles -- the initiative and self-reliance of free farmers and the ingenuity and imagination of manufacturers competing in the stimulating climate of the free world.

This exhibition is a symbol, therefore, of the power of free men to assure the power of free nations. For the power of free nations resides, not alone in modern armaments, but in the ability to sustain the health and vigor of their

Excerpt of remarks by Secretary of Agriculture Orville L. Freeman opening the Fifth International Food Congress and Exhibition, New York City Coliseum, N. Y. 1 p.m. (EDT) Sept. 8, 1962.

peoples through any peril. Without adequate food and a productive food industry neither men nor nations can truly progress. More than missiles and rockets, the food producing power represented here today is the ultimate assurance of security, a prime determinant of strength, a powerful deterrent to enemies wherever they may be.

Finally, I hope we will not miss the significance of this exhibition as a symbol of the flourishing international trade which can do so much to strengthen and expand the economies of free nations working together in the traditions of free enterprise.

We are on the threshold of a new age in international trade -- an era of immense opportunity and challenge. The creation of the Common Market in Europe has already opened vast new opportunities for commercial exchange between the two great industrial and agricultural societies which adhere to the principles of free enterprise and open competition. And coming as the climax of several decades of determined and productive effort to relax and remove barriers to international trade, Western Europe's stimulating forward step may well point the way to similar regional arrangements elsewhere in the world.

As Secretary of Agriculture, I am intensely conscious of the fact that many barriers to trade in agricultural products still exist. Indeed, there are signs in some areas that new ones may be added. Over a period of many months, we have made a determined effort to assure that this will not happen and that the food and fiber products of this country will continue to have access to markets elsewhere in the world.

In this effort, the trade legislation recommended by the President, passed by the House and now pending in the Senate, will be a powerful new instrument in our hands. With it we will be in a position to bargain more effectively for the admission of agricultural products into some countries which tend, for what we believe to be short-sighted reasons of their own, toward protectionist policies

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where agricultural imports are concerned.

In the last analysis, however, all that Government can do is open the way -- clear as many of the obstacles as possible through negotiation and compromise. Private enterprise must take it from there. The job of selling what we have to offer is one that only the producers and processors of food products can do. This International Food Congress and Exposition is emphatic evidence that they are on the job and going places.

I want to assure the food industries of this country that the Department of Agriculture will continue in the future, as in the past, to assist in every possible way to promote the sale of our farm products in markets throughout the world. The pattern of cooperation between private industry and Government in this extremely important area of international commerce is one that must be continued and strengthened. With about one-fourth of our total exports made up of agricultural products, the expansion of foreign markets is a matter of vital concern to the economy of the nation as a whole.

I want to congratulate the American food industries who are hosts at this International Congress and Exhibition and express my confidence that it will be a successful and productive occasion.

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U. S. Department of Agriculture
Office of the Secretary

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SES- / Sec. Freeman

My friends, I am grateful for the honor you do me by extending an honorary membership in Alpha Zeta. You have earned your membership through scholarship and outstanding achievement. If you feel the office of Secretary of Agriculture in these most critical times will serve as an adequate graduate school substitute, then I will submit it as one qualification. Since all of us here work in one way or the other for the American farmer, I will submit the improvement in farm income over the period I have served as Secretary as a second qualification. It is one for which I am most proud.

Now, since you have honored me, I would like in these remarks to do honor and praise to the American farmer. Of all the citizens of this land, he is the least honored for having accomplished the greatest success. I am constantly amazed in my travels around this country to find so few people who are even partially aware of the unique record of success of the American farmer.

I am sure our friends from the Soviet Union who are with us here tonight will find it hard to believe that most Americans do not realize how well the farmer has provided for the welfare of the American family. In much of the world, this kind of achievement would be acclaimed above all others. When I was in India last year I was told that the one thing which impressed the people there was not our industrial accomplishment or our rockets, but the fact that fewer than 8 percent of our people could produce more food than our nation could consume. So let me praise

Address by Secretary of Agriculture Orville L. Freeman, Alpha Zeta Fraternity, National 4-H Club Center, Chevy Chase, Maryland, September 11, 1962 at 6:30 p.m., (EDT).



the American farmer -- and let me urge the members of this organization also to do so.

There are many ways in which you can describe the magnificent accomplishment of the farmer, and all of them will be new to many Americans.

In increasing productive efficiency, the American farmer has surpassed the industrial worker. Between 1950 and 1960, the output of the average farm worker increased by an annual rate of 6.5 percent -- or three times as fast as the productivity of the man in the factory. One farmer today produces enough food and fiber to meet the needs of 27 persons -- an unbelievable contrast to the developing areas of the world where the farmer and his family often must work the land in order to supply only their own needs.

Or this success can be measured in what it has meant to the American people. For one thing, it has meant that food costs today will take about 20 percent of the monthly wage, as contrasted to over 25 percent only a decade ago. In another respect, the success of coaxing an abundance from the land has enabled us to banish the fear of hunger or starvation. No one need go hungry in this day.

This Administration has applied the cardinal principle that with abundance come the responsibility of using it wisely. Only recently a report came across my desk which details how we are making more effective use of our agricultural abundance than ever before. In the past fiscal year -- ending June 30 -- we have distributed more than 4.7 billion pounds of food at home and abroad as compared to some 3.7 billion pounds in the previous year.

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Here at home, we have increased the distribution of food to those in need to a record total of 1.4 billion pounds -- some 60 percent greater than in the previous 12 months. Over 7.4 million persons shared in this food at the peak -- or almost two million more people than at the time this expanded program began in March of last year.

School children received nearly 63 percent more food this year in the school lunch program -- reflecting both an increase in the number of children as well as a substantial improvement in their diet. In addition, special supplementary foods were supplied to enable some schools to provide lunch programs for the first time.

Food supplied to charitable institutions increased some 16 percent this year, and the Department provided food to victims of natural disaster in 16 States and Puerto Rico.

This same expansion of food use was carried over into the Food for Peace program where we shipped about 15 percent more food abroad this year than the last. About 2.7 billion pounds of food was distributed in over 100 nations through voluntary relief agencies and intergovernmental organizations.

We also have sold more than \$8.4 billion worth of food and fiber to 44 nations which have bought these commodities in their own currencies. Certain of these funds, in turn, are used by these nations to help finance economic development programs.

Thus, what we see emerging from even this brief account of the success of the American farmer and what it has meant to the American people is a strange set of paradoxes.



First, people everywhere in this nation and in many others, as well, have benefited. All have benefited....all, that is, except the farmer. He has made possible one of the greatest achievements of man's history...and yet he is able to earn hardly more than half on the average of what the non-farmer makes. And he has earned even less recognition.

Second, even with the enormous effort on the part of public and private agencies to insure that the fullest possible use is made of this abundance...and with a distribution system in the commercial market which provides an endless array of tempting, wholesome food at reasonable cost...even with all this, American agriculture produces more food and fiber than can be effectively and efficiently used.

It is a paradox, a magnificent paradox, an astounding challenge and the demarcation between an age of scarcity and a new age of abundance.

And it did not happen by accident.

It is the product of scientific advancement...and the willingness of the American farmer and his family to put to almost immediate use the products of scientific research.

Many people are aware, for example, that many consumer products on the market today were not being produced a decade ago. But how many people are aware that many varieties of grain were not being grown by farmers 10 years ago. Today, a disease strikes a particular variety of oats, for example, and another variety resistant to that disease is waiting just outside the research laboratory.

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And even before a disease can strike down a particular variety, a new and more productive type comes along to replace it. We have new tractor tires that do not look particularly different from the old, but the new ones pull more effective weight...and thus improve the efficiency of the farmer. We have a constant outpouring of new and more efficient machinery. Our scientists are finding ways to feed a pound of grain to a chicken and get back nearly a pound of meat. We are using computers to direct a dairy improvement breeding program...and milk production goes up while the number of milk cows declines.

Our improvements in productivity that we initiate today on the farm are the result of research which began 15 and 20 years ago...and only reached the end of the pipeline today. That pipeline is full, and we are constantly expanding the volume of new entries which are being put into it...and which will produce an even greater abundance 15 years from now.

But the scientific accomplishment of agriculture is only half the story of the abundant productivity of the farm. The other half is the American farmer, his family and his heritage.

Without his eagerness to apply the work of the scientist and the engineer, without his willingness to pioneer with the new and untried, we could not enjoy life as well as we do today. The farmer has always pioneered. He opened the West and settled the land. He was responsible

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for the pioneering efforts to establish the Land Grant College System with its basic philosophy of problem solving, breaking the tradition of the classical educational pattern. He pioneered in economic organizations through such devices as the cooperative as a means of finding a better relationship in the market. He pioneered in political organizations in an attempt to find economic justice. And he has pioneered in legislative remedies designed to enable a nation to make the most of its abundance.

The organization of American agriculture today is oriented towards the family farm. We have developed a complex inter-relation of free institutions which supports the family farm as the converter of technology, research, education and information into a farming proficiency that has amazed the world.

Thus American agriculture is successful today because the farmer is a highly skilled, well educated technician. He readily accepts innovation, and through the Extension Service these new discoveries are constantly made available to him. A vigorous agricultural press also transmits a wealth of information. The farmer is eager and able to apply this knowledge to produce an ever growing abundance. He has earned the praise of his fellow Americans...and he deserves, even more importantly, their understanding of his problems.

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He has begun a decade marked by the paradoxes of which I spoke a moment ago. They are strange paradoxes, and in resolving them we are required to pioneer new trails through the strange and wonderful age of abundance. We cannot afford to lose the productive genius of American agriculture, and therefore we must sustain the spirit of scientific progress and the integrity of the American farmer and his family.

We cannot turn back to the myths of the past, nor can we cling to half-way answers. My own position is clear. Farmers should be able to choose on the one hand to regulate their production and to receive fair prices, and on the other an abandonment of all farm programs and face the decline in income which both history and economists indicate will inevitably follow.

Within the framework of supply management, the farmer will have an opportunity to apply his enormous skills and abilities to those areas where there are still scarcities created by the growing demands of the people -- I refer particularly here to the need for recreational outlets, among others.

Supply management seeks to provide a mechanism for the gradual adjustment of resources looking toward the day when commodity programs can be far more moderate, both because the surpluses have been worked off and because land -- and people -- have been employed in providing non-agricultural needs of our urban society.



I cannot emphasize too strongly the importance of the land adjustment phases of the Food and Agriculture program for the 1960's as a means to help realize this new era of growth in rural areas. We have estimated that by 1980, we shall be able to produce enough food and fiber to meet all commitments on 50 million fewer acres of cropland than was in production at the start of this decade.

With the focus of public attention on the commodity programs, the adjustments we need to make -- and are beginning to make, often are overlooked in the excitement. We are being challenged today to find a productive use for every acre of land and to develop better economic opportunities for those who live in rural America.

In meeting this challenge we will need not only new policies and better programs directed towards making the opportunities as attractive in rural areas as those in urban areas, but also we will need the incentive and stimulation of local initiative and enterprise.

We have new policies and we are developing better programs. We have reorganized the service agencies in the Department which contribute to rural economic development to concentrate their efforts within the framework of our Rural Areas Development Program. We hope to launch within the year a pilot program to study the most efficient means of encouraging the creation of recreational resources and the conversion of cropland to grass and timber production -- projects all designed to build new economic opportunity. Through the Area Redevelopment Authority we are assisting rural communities to develop new industry -- and new jobs -- and to modernize community facilities which are basic to present day industrial needs.



We have already expanded our rural housing loan program to a level almost twice as high as the best year in the past decade. And we are making more new starts in the small watershed program than ever before.

The interest and support which all these special programs are receiving indicates that the people in rural communities do have a feeling of new hope...we are triggering the essential ingredient of local initiative.

To encourage this development even more, we are beginning this week a series of five regional "Land and People" conferences which will take us into every area of the country over the next two months. We will seek in these conferences to explain the programs we are developing and to stimulate broader interest and understanding of them; and we will seek to learn from those participating in the conferences how we can improve these programs to better serve the rural community.

Our goal is to develop every possible device that will help strengthen and revitalize rural communities, and I would welcome and urge the participation of the members of this organization in those conferences. We can use all the help we can get.

I believe the success of this program, together with the development of realistic commodity programs, will insure that the magnificent productivity of American agriculture will continue to provide for the needs of growing millions of people here and abroad.

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Now, in closing, let me briefly touch on what I believe is the most basic implication of our age of abundance. Fundamentally, I believe the concept of "Food for Peace" has far wider implications than are encompassed by a program to provide for the basic needs of those who are hungry.

Since primitive days men have fought each other for enough land on which to produce enough food to sustain life. Perhaps this kind of rivalry and conflict between men was inevitable as long as scarcity was a basic rule of existence.

But today, the success of American agriculture demonstrates that scarcity need no longer prevail. Men need not fight for food if there is enough food for all. Science and technology have progressed so far that the age of abundance is at hand, if we can develop social, economic and political arrangements that will enable us to direct our physical progress to the benefit of all mankind.

Yes, the age of abundance is at hand, and the age of abundance can usher in an age of peace.

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U. S. Department of Agriculture
Office of the Secretary

OCT 1 - 1962

Oct 14, 1962

C & R-ASF

I welcome this opportunity to speak to you for I believe there are things which need to be said. I left my office in Washington to do this at a critical time when the Congress is attempting to work out a farm bill which will carry forward the advances we have made in agriculture these past two years. Improving farm income is a responsibility I feel deeply.

But I also feel a strong responsibility to you as members of an important industry who are users of the National Forests. This association cuts nearly half of the National Forest timber sold -- and more than half of all commercial timberland in the Western Pine region is in the National Forests.

I recognize clearly that you are in large measure dependent on the Department's national forests, and therefore the Department's timber management policies are exceedingly important to you. I regard this as a very great responsibility, and I am here today because I take this responsibility seriously. I am interested in and concerned about your problems. This administration is taking an active interest in the timber products industry and its problems. The President, as you know, has developed an 8-point program to help meet some of your problems. And today, I want to get the "feel" of your needs and understand thoroughly your proposals and all the implications that flow from them.

My concern does not rest on a narrow point of view. Timber is the bulwark of the western economy. Here in Oregon and Washington, for example, wood products and related industries account for more than half of the industrial

Address of Secretary of Agriculture Orville L. Freeman before the membership conference of the Western Pine Association, Multnomah Hotel, Portland, Oregon, September 14, 1962, 1:30 p.m. (PDT).

employment. During the 12 months ending June 30, timber harvested from the National Forests in Oregon and Washington totaled 4.3 billion board feet, as high as any year of record. This cut was valued on the stump at almost 79.5 million dollars. From it has flowed an expanding total of millions of dollars in wages and in finished products for the American people.

Jobs, wages and industry are not all that has grown from this harvest of the forest. Nearly 17 million dollars to improve schools and roads was returned to those counties in which the National Forests were located.

During this same year, much more was harvested from these forests than timber. Millions of people from nearby communities and distant cities came to spend leisure hours in camping, fishing, hunting and hiking -- in recreation activities which generate substantial economic benefits for surrounding towns. Water supplies for families and commercial users -- for farmers and for sportsmen -- in places far distant from the forest were protected and sustained by the conservation practices of wise forestry management.

Obviously, the Department and the users of the National Forests are partners in progress. But progress does not always come easily. Some of the situations we find today reinforce that conclusion.

In your invitation to me, you asked me to speak straight out. I believe one of the deciding factors in my accepting your invitation at this busy time was the request that I "lay it on the line." I like to do business that way.

Let me say first that I have great pride in the Forest Service, for

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I recognize as do you and millions of Americans that it is the dedication and initiative of their people that has made the National Forests truly "Forests for the Future." In the same manner I have great pride in the forest industry which is so important to this country and which supports the management of our forests as a valuable and renewable resource.

In speaking straight to the heart of the problems which we share, I want to set forth your chief concerns as I understand them and tell you what we have done. I also want to outline some of our problems which we in the Department feel have not been fully understood by you. Then I want to listen while you discuss these matters with my associates from the Forest Service.

We can all agree that we face some difficult problems today. Some of the causes of these problems are beyond the control of the industry -- and some are beyond the control of the Department. Many of them reflect the often frustrating by-products of scientific and technological change in the new age of abundance in which we live. They are not of our making, but they come to us for some solution.

The major problem is simply that lumber production has been at a low level for four out of the past five years. Consumption has been down, but not quite as much as production. Per capita consumption has been dropping. This is due in part because new construction starts have not been as high

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as we would like to see. But it also is due to the vigorous competition from other kinds of building materials. This competition is getting stiffer all the time as the appealing qualities of the new materials are vigorously promoted, promotion aimed at the weak points of traditional materials.

Along with this has been the step-up of lumber imports from Canada. The Canadian forest industry is expanding, and for the time being does not have some of the supply problems you face here.

A second, but related problem, is the sharp competition in many places in the West for logs. In some localities the supply of available raw material just cannot stretch to meet existing mill capacity. As a result, prices are being bid up for the available timber.

I can assure you that the Department is very conscious of all this. We are striving to do everything we can to help. For example, last February this association was part of a national group which met with me and asked for a number of adjustments in National Forest timber sales policies. Let me describe what we have done:

We are fully in accord with the policy that the regular harvest of full sustained yield should be the objective of the Department's timber sales programs -- and we will make available an annual report measuring how close we have come to meeting our goal each year.

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We have given first priority attention to bringing timber sale offerings up to an acceptable level. The results showed during the April 1 to June 30 quarter -- we offered a record volume of timber for sale in one quarter.

Except for years which included long-term pulpwood sales in Alaska and Arizona, the all-time high record for timber sold from the National Forests was achieved during the last fiscal year. The volume of timber sold was 10.3 billion board feet. Over 9 billion board feet was cut, the second highest year on record.

Over the years, I believe we have done better on the allowable rates of cut than many people in this Association realize. In those regions where the pressure is greatest for timber because mill capacity exceeds the available supply, we have increased the allowable cut. In the 42 National Forests where the pressure is greatest, the calculated annual cut has been increased from 5.8 billion board feet to 7 billion board feet since 1958 . . . 20 percent in four years.

There is a substantial difference in these 42 National Forests where competition for timber is keen and the 55 western National Forests where the competition is less than keen. During the four-year period in which we have increased the allowable cut by 20 percent in the first group, the actual cut in these forests has equalled the calculated allowable cut. For the 55 other western forests, the actual cut has averaged only 34 percent of the allowable. The timber is there, but the demand is not. We stand ready, as always, to assist any group or concern that wants to utilize this available allowable cut.

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In June, as you know, we announced plans to convene a working group of outstanding foresters to review our timber management planning procedure. A first draft of their report has been submitted, and the final report will be made available as soon as it is completed. We already are drawing on the work of the study group in our current re-study of annual cut levels.

I believe that my report to President Kennedy in October will show a further increase in the allowable cut. We think this is a good record of progress. However, additional increases after that date, except those which can come as you increase utilization, are likely to be minor. Recognition has been given to most of the factors which can be considered in providing for increased allowable cuts.

The Department is committed to the wisdom of sound conservation practices in its forestry management policies. We shall adhere to the sustained yield principle. To do otherwise would bring irreparable damage to a public resource that belongs to future generations as well as to us.

You also asked in our February meeting that we make a basic change in the method of appraising National Forest timber. In my judgment, this proposal would fail to develop a reasonable estimate of fair market value -- a responsibility which I have to the American public. However, I have asked the Forest Service to review continuously the stumpage pricing policies and procedures to eliminate unnecessary and non-productive controversies with timber purchasers and in every legal and practical way to improve procedures.

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To assist in the review which I feel is needed now, I am asking the Forest Service to set up an advisory committee of people who are knowledgeable about these valuation problems and who have no obligation to the Forest Service or to the industry.

I recognize the economic impact of the lumber market decline. Since it began two years ago, there has been a marked and responsive reduction in appraised prices developed by the regular system of stumpage appraisal. During the period between 1959 and 1961, exclusive of new sales in Alaska, the appraised price for new timber sales offerings in the western National Forests declined 30.6 percent. Minimum stumpage prices have been reduced for nearly all western species.

We also have made changes in our procedures to provide a more equitable arrangement for writing off road investment costs. And we have accepted the principles involved in your proposals on sales containing both high-value species and low-value species when normal appraisal procedures make the low-value species unattractive.

Again, I think this is a pretty good record.

Your third recommendation requested a new appeals procedure for prompt and impartial resolving of contract administration and performance differences. Recently you have changed the substance of this request. I am asking the Chief of the Forest Service to sit down with you and discuss this matter as there is need for further clarification.

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On the fourth recommendation dealing with the revision of the timber sales contract there are a number of points of difference under consideration which I hope can be worked out to our mutual satisfaction. On these unresolved matters I will have more to say shortly.

I believe the record shows then that we have made every effort to respond to your requests. We have acted promptly because we recognize there are immediate problems -- but we also have taken a number of other steps of long-range benefit to the timber industry as well as to all National Forest users.

We have initiated a vigorous development program for the National Forests which will continue over the next 40 years. We are well into the first 10-year action stage today.

This provides, among other things, for building up the annual harvest of all National Forests to a rate of 13 billion board feet by 1972. We have set higher standards of revegetation, salvage, and erosion control on sales acres. We also plan to reforest over 3 million acres of forest land. We plan to build up the productive capacity of more than 11 million acres of less than sawlog size stands through timber stand improvement.

But this isn't all. Some of the other programs which will be of value to you include:

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Under this ten-year program, we expect to intensify fire protection efforts to the equivalent of double the protection level prevailing two years ago. We are proud of the close working relationships that exist between the Forest Service and the timber industry in fire protection. We cooperate here because we both recognize the value of this relationship.

We are stepping up Federally-financed forest road construction. Legislation recommended by the Administration will more than double road money authorizations by Fiscal Year 1965.

And we have plans to further step up research, both in wood products and in other phases that are important to wood processors. In this forest products field we are now effectively working with your association and with others in tests of wood strength -- for example, the worthwhile project now going on involving collecting and analyzing 50,000 wood core samples. It is but one part of a massive forest research program which deserves your support.

Before leaving this discussion of the program activity within the Forest Service, let me tell you of another change we are making. From now on when decisions have to be made, they are going to be made quickly and decisively so we can eliminate uncertainty and confusion. In order to do this, broad guiding policies for major segments of the nation's forests are being developed. To give you a specific example, I would cite the new management policy for the high mountain areas of National Forests in Oregon and Washington. I believe we have a firm, clear-cut policy now that not only takes into account the scenic values of these magnificent high country areas but also provides for consistent development of timber and other resources. Clear, sharp decisions implementing that policy will be forth-

coming. It is unreasonable to expect unanimous approval when tough decisions have to be made, but I intend for everyone to understand what I mean.

Now, let me make a few observations about your industry. First, I believe that an impartial assessment of the history of our relations would find that we agree more often than we disagree. The Department has long assisted in the progress you have made in handling the raw products from stump to mill. Technology has had an enormous impact in this process. The same initiative and inventiveness can be found in the way timber is broken down into a great variety of products. I am sure you recognize the need for the same kind of imagination to develop better techniques for bringing your products from the mill to the consumer -- and once there of giving these products a better consumer orientation.

I want to compliment you on your National Wood Promotion program and the regional programs designed to reach the consumer with your story. The use of handbooks and working guides are excellent moves; and recent efforts to deal with the entire marketing procedure indicates this association is thinking ahead.

You are moving ahead with research in forestry and wood products. You also have given support to Forest Service research. That is all to the good.

However, it is obvious that you do not consider these steps adequate to deal with your problems. We know you are deeply concerned for you have told us. You have expressed your impatience to us and to the country in no uncertain terms when you haven't gotten a favorable response to all of your demands. I can understand that you feel you must talk in extremes to

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get the attention of newspapers, radio and television. But I do hope you don't believe everything some of the people in the industry are saying. Happily, many of you have acknowledged -- some explicitly and some implicitly -- that you don't. Some of you have told me privately that although you don't like everything the Forest Service does, you basically respect the agency for its dedication, ability and accomplishment.

If you consider this blunt, straight talk, I mean it to be so. We will get down to our mutual problems only if we are frank with each other. We will get results only if we are fair to one another.

I would like, in the next few moments, to cover briefly some of the problems which I find are making it more difficult to be of greater assistance to you.

I do not believe the forest products industry has given due credit to the Forest Service and the Department -- credit for a lot of hard work done in your behalf to ease the current situation....credit for progress in timber sale offerings, buildup in allowable cuts, adjustment of basic appraised prices and the other items I have mentioned.

There also has been some talk that the forest products industry will refuse to deal with the Forest Service, and will seek to work out its problems only with the Secretary. Let me assure you that I am always willing to listen, but I wish to make it crystal clear that local problems must be settled locally. If there are specific steps which need to be taken to improve the Department's ability to operate with decentralized authority, then I will be glad to discuss them.

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It is impossible for the Secretary of Agriculture or for the Chief of the Forest Service for that matter to make all the decisions that must be made. Basic policy will, of course, be set down by the Secretary of Agriculture as clearly and definitely as possible. But once that is done that policy must be applied in the field, not in Washington.

Another issue on which we need to have better understanding is our responsibility to the community. The goal of the Department of Agriculture is community growth. When people stop growing mentally and spiritually, they begin to slip backwards. Communities are the same. So that rural America everywhere may grow, this administration has launched a new program of rural areas development. We want to make it possible for all communities to grow -- we do not want one community to grow at the expense of another -- we want each to offer the chance to get ahead to its residents and to their children. We want rural people to be able to choose between a job at home and a job in the big cities without having to reject the first out of hand.

That kind of a choice can come only with community growth and diversity. I am firmly convinced that solid community growth will come only with the maximum development of the multiple use principle in the management of our National Forests. For this reason, I find it hard to understand your industry's position both on Forest Service appropriations and on the administration's farm proposal.

This year, funds for recreation and for roads are obviously at the heart of our ability to effectively provide the services which the public is demanding of the National Forests.... and which the Forest products industry

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also will require. Yet association spokesmen called on the Congress to divert funds from other activities such as recreation and roads in order to provide appropriations to expand the Forest Products laboratory. The laboratory was the only item supported by these spokesmen.

The position of the Association on the farm bill is even more contradictory. Your spokesmen opposed this legislation which is designed to help strengthen the rural economy by encouraging farm woodlots and the development of new recreation opportunities on farm land no longer needed to produce crops. How can the lumber industry express concern over the economic future of the small community in one breath and oppose in the next breath the modest measures the Department proposed to begin making it possible for communities we both are concerned about to grow. I ask that you reconsider your position on community growth and work with the Department in our program for Rural Areas Development. We need your know-how, your drive and your energy. I sincerely believe you will profit as an industry from helping rather than opposing this program so important to communities both here among the western forests and throughout the nation.

Community growth is intimately tied to the philosophy and practice of multiple use management of the National Forests. We know of communities here in the Western States that have died when an area was logged out in defiance of the sustained yield principle. I believe a community has the best chance to grow -- and the people have the maximum

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opportunity to enjoy the massive potential of the resources of the forest -- when all uses of the forest are balanced to obtain the fullest possible return.

The Congress brought this into better focus in 1960 when it said that the National Forests are to be administered for "outdoor recreation, range, timber, watershed and wildlife and fish purposes."

This concept that no resource has a priority over other resources has been the foundation on which conservation programs have been built for decades. Because of this policy, each resource -- whether it be recreation, timber, range, wilderness or water -- has received full consideration in determining the best combination of uses to meet the needs of the Nation.

I take great pride in the fact that many of those people who had the vision decades ago to see the wisdom of this concept also have been closely associated with the Department of Agriculture, and I can assure you that I am as fully committed to this concept as they were.

I dwell on this policy issue because I am not sure that the lumber industry has accepted as a fact of life my obligation to see to it that the National Forests are managed in such a way as to achieve the combination of uses that will best meet the needs of all of the American people.

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The Department's responsibilities for the resources other than timber will have an increasing impact on the way timber is managed and sold from now on. Decisions regarding the location of roads, standards of cleanup after logging, provisions for erosion control, necessary limitations on the type of cutting in areas that are important for recreation and other uses -- all must be made in terms of the best total use of our forests. It is my hope that over the years ahead the Department and your industry will continue to successfully develop practical ways to meet multiple use needs. The fact is that each use can and should complement not compete with the other.

In order to establish better communications between the office of the Secretary and the users of the National Forests and to benefit from balanced guidance in setting policies, I am proposing to establish a Forest Resource Advisory Committee to advise the Secretary on the operation of the National Forests. Such a committee presently advises the Chief of the Forest Service; I propose to elevate that group to the Secretarial level.

I intend to seek their advice and counsel on such matters as your industry has raised with me in recent months, and on policy questions which you may want the Secretary to consider in the future. I also intend to consult with and seek the opinion of this committee on questions of policy which affect other prime users of the National Forests.

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I will make certain that the members of this committee fairly represent the diverse groups and interests which use and have a right to use the National Forests. I will make sure also that the interest of the general public now and in future generations will be considered.

I believe you will agree that this is a wise course, for there are few national treasures as important or that are watched more carefully than our National Forests. I can illustrate this best by quoting to you a recent editorial in the New York Times.

It suggested the Secretary of Agriculture keep in mind two facts: "One is that the timber he is selling belongs to the public, and the public has a stake in the stumpage prices. The other is that the purposes for which the National Forests were established are broader than the subsidization of the timber industry." I think this is a warning for both of us.

I regret that in recent months some of you have believed that the normal lines of communication between us have not functioned as they should. I like to think the situation is improving. I believe it will improve even more with the Advisory Committee at my side. I hope both Department and industry people will continue to work toward broadening the area of understanding.

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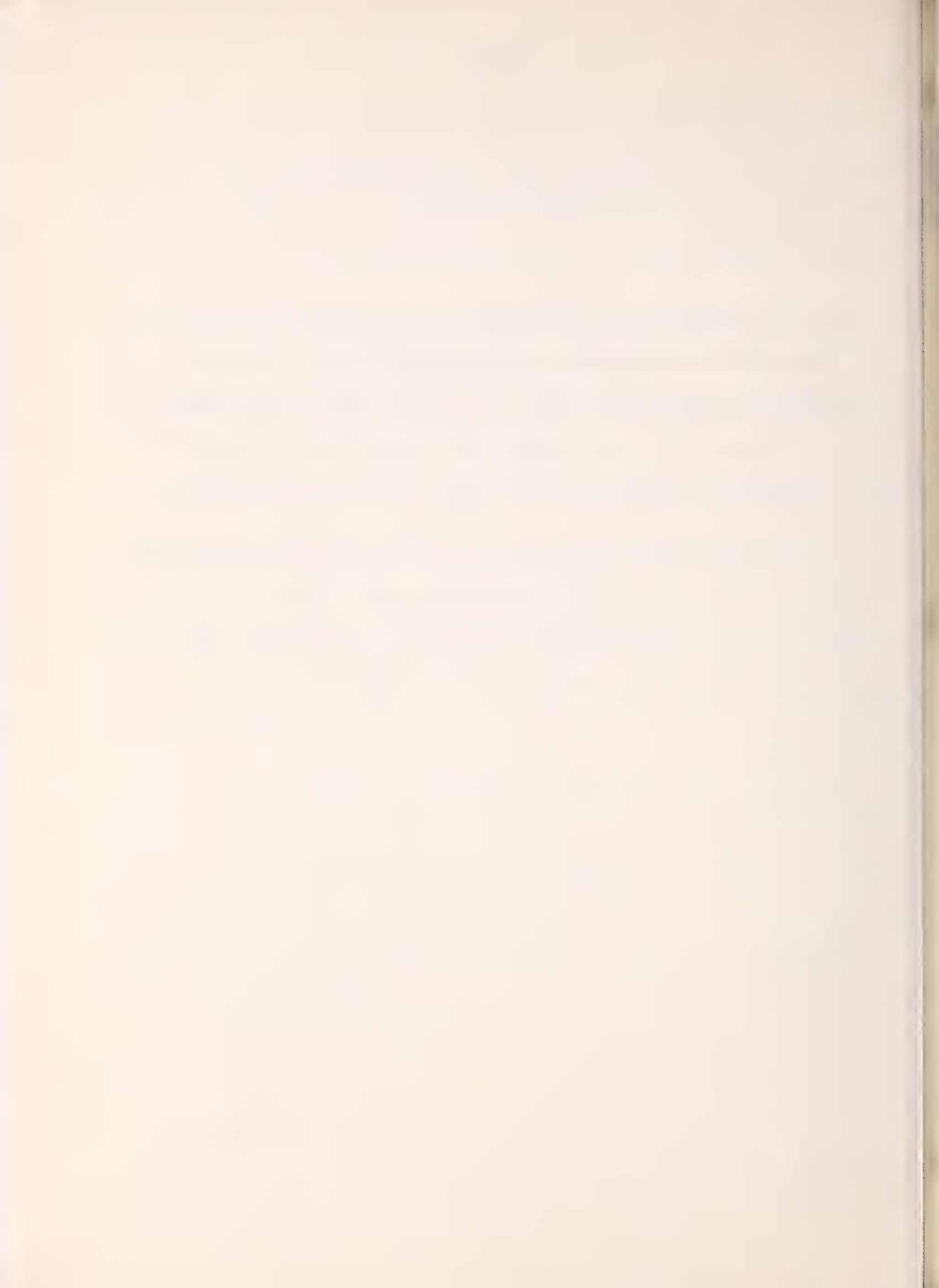
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Let me conclude by saying that the National Forests will be managed for the long-term pull -- for the good of all users, and that among them the forestry industries will get thorough, thoughtful attention as a very important user.

The multiple use management policy is, I believe, the same kind of a policy which any one of you would follow if you were given the responsibilities which I now carry. I doubt that there is any disagreement on this policy in broad outline. Thus the problems we mutually share lay within a framework on which there is substantial agreement.

The Department needs and sincerely solicits your understanding and help. We respect your industry and dedication. We ask that you join with us in a spirit of wholehearted cooperation. In so doing I am certain we will find constructive solutions of mutual benefit.

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The people of the United States are concerned about strengthening
rural America in order that rural America may continue to make invaluable
contributions to the strength of the Nation.

Political philosophers, poets and historians have rightly sung
the praises of rural America. They have told of how the basic qualities
that have made America great -- the spirit of initiative and independence,
the dedication to ideals of democracy, the pioneering courage and drive
that overcomes tremendous obstacles, the vision to aspire to a future of
limitless possibilities -- they have told of how all these qualities grew,
and flourished, and bore fruit on the farms and ranches and in the small
towns of our country.

This rural America, that has up to now contributed so much to
our national growth and greatness, now faces a period of serious crisis --
a crisis brought about by the same technological and scientific progress
that has made American agriculture the productive marvel of the world.
But let me make it perfectly clear that the real threat to rural America
does not lie in scientific and technological progress itself; the real
threat lies in a failure to direct the changes that grow out of that
progress to meet the real needs and wants of all the people. And it is
not only rural America, but the health of the entire nation, that will
be seriously threatened if we fail to preserve and advance the real values
of the past as we adopt and make use of the new potential for the future.

Address by Secretary of Agriculture Orville L. Freeman keynoting regional
Land and People Conference, Ambassador-Kingsway Hotel, St. Louis, Mo.,
September 17, 1962 at 9:45 a.m. (CDT).

I would like to emphasize that this threat is very real, and very serious. Its reality is illustrated by the cold facts of what has been happening to rural America in our generation. I will point out some of these facts a little later. Its seriousness is demonstrated by the fact that an organization as distinguished as the Committee for Economic Development has recently put out a proposal that would attempt to solve the farm problem by cruelly depressing farm income to the point where a mortal blow would be inflicted upon the small cities, towns, villages and farms that, together, make up rural America.

The C.E.D. would thus attempt to solve a problem of surplus grain by substituting for it an infinitely more serious problem of surplus human beings!

We are unalterably opposed to this approach.

Instead of the C.E.D. program of deliberately using poverty to drive people off the farms, we seek to end rural poverty by building new resources in the country.

Instead of the C.E.D. program to idle our great land resources because they now produce more food than we can use, we seek to redirect those resources to meet critical and growing scarcities that exist in our society.

Instead of using rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job-seekers, we seek to develop in rural America facilities for outdoor recreation that will offer to the men, women and children of our cities opportunities to fulfil one of this Nation's most pressing and urgent demands.

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These are some of our goals for rural America. This Land and People Conference is held for the purpose of exploring ways and means for reaching these goals. In order to approach this task within a framework of understanding that will enable us to choose the best programs directed toward those goals, I am asking you to review with me: first, the size and shape of rural America; second, some of the facts of today that clearly warn us of the imminent threat to our rural economy; and, third, some of the programs we are developing to avert this threat by expanding opportunity and encouraging new growth.

Two out of every five Americans today live in areas that are essentially rural in their nature. Almost 16 million live on farms. Thirty-eight million others, who are not farmers, live close to the land in strictly rural areas. In towns and non-metropolitan cities of less than 25,000 population there are 22 million more people who, because they draw their economic life-blood from the countryside, must be considered a part of rural America.

These 76 million people are the ones most directly concerned with the danger signals that threaten rural America, though all Americans are indirectly involved. To understand their implications, let's look for a moment at some of the results that technological and scientific changes have brought about, along with the new problems arising because of the failure to adjust to these changes.

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In the first place, it is important to recognize to what extent our growth in population reflects increasing urbanization. From 1950 to 1960, some 300 metropolitan counties accounted for 85 percent of the population increase. And 50 of these metropolitan counties had half of the Nation's total population growth.

Outside urbanized areas, the population of most towns under 2,500 declined, while that of most towns from 2,500 to 10,000 people increased only slightly. But their supporting farm population dropped by one-third -- from 23.1 million to 15.6 million. On the average at least a million people left the farm every year through the 1950's.

The decline in farm population reflects the economic plight of the farmer. The efficient family farmer found it necessary to increase his acreage enough for full use of the machine-based technologies. He bought or rented land from the small farmer who lacked the resources or the skills to take advantage of the new technology.

Many small farmers gave up, or turned to whatever nonfarm work he could find in order to remain in rural America. In 1959, families on the 2.9 million farms producing less than \$10,000 in marketings got 73 percent of their cash income from nonfarm sources.

Even with many fewer people to divide farm earnings, per capita personal income of the farm population was \$1,373 last year, or only 50 percent of the \$2,345 for the nonfarm population.

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And this was true despite the fact that total realized net farm income was 10 percent higher in 1961 than in 1960, and the highest since 1953.

With its major economic mainstay in trouble, rural America began to slide backwards. And today we see these results:

More than half of the Nation's poverty today is rural poverty.

Rural people lack educational opportunities. Half of our urban people 25 years of age and older have had more than 11 years of formal education. By comparison, the median figure for the rural nonfarm population is 9.5 years of formal schooling, and for farm people it is 8.8 years.

Rural people lack employment opportunities. Underemployment in the countryside and its small towns is so great that it is the equivalent of around four million unemployed.

This has happened in a countryside which has produced an abundance of food and fiber never before seen in the world -- where one farm worker feeds and clothes 27 people.

This has happened in the United States of America -- the richest nation in the world.

The sound and the fury over the management and use of agricultural abundance has too often obscured the plight of people and the plight of communities. Concern has centered on commodities -- instead of communities.

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And to solve the problem of abundance, it even has been seriously proposed that people deliberately and systematically be moved off the farm -- that the present rate of movement be speeded up.

We don't hold with the idea of depopulating rural America through administered out-migration. Change, inexorable though it is, can be shaped to work for people -- not against them. This means that we must have a two-pronged attack on the problems of agriculture. We must manage our abundant productivity in order that the really efficient family farm can produce a decent income; and, for those now living on farms that are not or can not operate efficiently, we must offer opportunities to raise their levels of living by means of both agricultural and non-agricultural pursuits, or some combination of the two, as far as practicable in their own communities where they prefer to live.

It is utterly inconceivable to me to think that in the American society there is a lack of resources, a lack of ingenuity, or a shortage of determination to revitalize rural America. We are here today to see how we can work together toward that goal.

What basic resources do we have with which to strengthen rural America?

First, we have tremendous human resources. You and thousands of others are serving in hundreds of local, State, and regional planning and action institutions or committees -- both public and private. With determination, the people of this Nation can make of rural America what it should be.

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Second, we have abundant natural resources in our land, water, forests, and wildlife. Nearly three-fourths of all land in the 46 contiguous States is in private ownership. More than three-fifths of all land in the 50 States is privately owned. Here is the source of our abundance of food and fiber, and 69 percent of our commercial forests. Privately owned land, together with the National Forests and other public land, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.

Eithity percent of the game taken by hunting is produced on privately-owned land. Eighty-five percent of the wildlife habitat economically feasible of improvement is privately-owned.

Here, near the crowded cities, is space for outdoor recreation, and the water, fish game, wild creatures, and woodlands to make outdoor recreation truly meaningful to urban people.

Here, in agriculture, are assets of \$207 billion, producing commodities selling for around \$35 billion. Farmland alone is valued at more than \$109 billion -- a living, renewable resource that feeds, clothes, shelters, and possesses intangible values no man can measure.

Third, we have made a good beginning in the development of programs to enable people to conserve, use, and develop the land and water resources -- a whole galaxy of action programs authorized by the Congress, by the States, and by local government. In an all-out effort to improve and strengthen these programs, the USDA is now emphasizing Rural Area Development. We have reorganized the Department to place key action agencies under a new

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Assistant Secretary. We are developing new tools and seeking new legislation for a more effective program to strengthen rural America.

One great step forward lies in the coordination of many related activities toward one broad goal. Rural areas development is a blending of all available programs for a broad-gauge, long-range simultaneous attack on all the problems of rural America.

Credit problems are not being attacked separately from those of conservation.

Conservation is not being sought separately from the efforts to bring production into balance with consumption and increase farm income through fair prices for farm products.

Industrial development is not being sought separately from solution of the problems of adequate training and education, water supply, sewage disposal, electrification, hospitals, libraries, and other necessary public facilities.

Help for the development of outdoor recreation on the farm and in the forest takes into account the need for credit and technical assistance, and the needs of both rural and urban people.

The time is past when each program goes its separate way. The time is here when local people can use as one the tools of credit, research, technical aid, electrification, educational services, marketing, and assistance in cooperative efforts.

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The time is past when land can be idled. Last year, American farmers produced abundantly and they did this while growing crops on about two-thirds of the Nation's cropland. This means a potential for overproduction that hasn't even been tapped. Unless effective programs are devised to prevent it, at least 38 million acres will return to crop production within the next five years -- acres that have been diverted under government programs. Rural America -- all America -- needs this land in economic use, but not for crops. It can be put to paying use -- for the production of grass, trees, and outdoor recreation.

The time is past when America can afford a single use for any acre. Instead, that acre can be put to multiple-use, just as the National Forests are producing timber, water supply, forage, wildlife and recreation -- all at the same time.

And the time is past when it's even valid to ask, "Can rural America be revitalized?"

Rural America is being revitalized now.

It's happening in Kentucky's Mud River Watershed.

There we have an outstanding example of local people -- rural and urban -- working together. They have teamed up with their government -- local, State, and Federal -- to solve the problems of flood, water supply, soil erosion, poor land use, under-employment, and lack of recreation.

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This small watershed project is sponsored by soil conservation districts in Butler, Logan, Muhlenberg, and Todd Counties, by the Mud River Watershed Conservation District, and by the Kentucky Department of Fish and Wildlife Resources.

Many of the 25 dams being built with help from the Department of Agriculture for flood prevention also are serving many other important purposes.

One multi-purpose structure provides wildlife conservation and recreation as well as flood prevention. The lake it created covers more than 800 acres. The Kentucky Department of Fish and Wildlife Resources will manage it for recreational purposes. Some 50 cabins already have been built around the lake. A sportsman group has built a clubhouse there. Landowners are selling cabin sites for \$500 to \$1,500 on land formerly of very low value.

Seven other flood prevention structures have been completed and stocked with fish to provide additional recreational opportunity.

Another multiple-purpose structure, now being built, will supply water to the City of Lewisburg. It is estimated that the additional water supply ultimately will mean 150 more new jobs in the city. Lewisburg recently obtained from the Area Redevelopment Administration, in the Department of Commerce, a grant of \$144,000 and a public facility loan of \$130,000 to help finance the water system that will distribute water stored behind the multiple-purpose watershed dam.

More than 60 percent of the landowners in the watershed are cooperating with their soil conservation districts in applying land treatment measures. They are receiving technical and conservation cost-sharing help from the Department of Agriculture. To protect young and old forests, the Kentucky Division of Forestry has built a forest fire tower and organized a volunteer fire-fighting organization.

Kentucky's Mud River watershed project is not an isolated case. It is one of 403 small watershed projects operating throughout the country -- one of 791 projects which have been authorized for help with planning -- one of more than 1,739 watersheds covering 123 million acres for which projects have been requested.

The watershed project is just one type of community or area development work being done today, with thousands of local people directly involved in seeking common objectives.

Nearly 50,000 rural and small-town people are members of 1,500 rural areas development committees. These committees already have prepared 2,700 development project proposals, and have initiated 900 of them. These 900 operating projects have created new employment for more than 12,000 rural people. And when plans for the other 1,800 projects are carried out, an estimated 25,000 new jobs will have been created in rural America.

Rural housing reflects new hope and new confidence in more and more rural communities. There is no better place to see -- and to feel -- the upswing in the countryside than with the family in a new rural home.

Like many another rural homemaker, an Iowa farm wife has said of the family's new home: "It is something we have hoped for, for many years. Sometimes I think I may wake up at midnight and find our family back in the old house."

Time and again we have seen fears disappear and confidence reappear as the Department has helped rural families to finance 6,200 new homes since the Housing Act of 1961 was passed. The effect also is electrifying on the community. The building of a new home is proof that some one has confidence in the community's future as a good place to live, to work, and to bring up a family.

The effect goes far beyond the community. Rural construction creates jobs and extra buying power for carpenters, electricians, brick layers, and others. It provides an additional market for building materials and appliances -- a market that helps to buoy the urban economy.

This is extremely important, for we are an interdependent people -- rural, suburban, and urban. Revitalization of the countryside will be speeded by a strong and vigorously growing urban economy with the means to buy the goods and services, including outdoor recreation, produced in rural areas.

Rural areas development also recognizes the interdependence of regions of the United States. Each, with its complex of open country, peopled by farm and nonfarm residents, its shifting boundaries of urban, suburban, and rural areas, and its varied resources, is an integral part of the whole.

Yet, each region differs from all the others. There are measurable differences in climate, resources, size of farm, crops and livestock produced, income, density of population, public facilities and services, nearness to markets, degree of industrial development, and in the impact of change. Each region, and in most cases each sub-region or area, has problems and resources peculiar to it.

This conference was arranged to give you full opportunity to review with each other, and with us, the problems of this region and the resources -- both human and physical or material -- for solving these problems. Your evaluation of rural changes in this region is needed. Your ideas for stimulating and expanding economic growth are wanted.

I urge each of you to participate in one of the four discussion groups. We are eager to have your answers to the questions to be propounded at these group sessions:

First, how can family farms be strengthened for rural development?

Second, how can new uses and conservation of land and water expand income, employment and better living in rural communities?

Third, how can planning and implementation of economic development for a county or rural areas be accomplished?

And fourth, how important is rural-urban community planning?

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In these group discussions and during the questioning period tomorrow, you have an opportunity to be heard on matters of vital concern to rural development and conservation in your region.

We are here to listen, and to learn. We want your suggestions for improving the Department's services to make them more effective development tools in your hands.

To make the services of the Department more effective, I have reorganized it to place under one leader -- the Assistant Secretary for Rural Development and Conservation -- the Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Office of Rural Areas Development, the Rural Electrification Administration, and the Soil Conservation Service. This is a grouping -- a packaging -- of important development and conservation services to enable the Department to help you more effectively.

The Department may soon have additional authority to work with you in long-range programs for putting the land we don't need for crops into new and profitable uses -- for timber, for grassland farming, and for outdoor recreation including water-based recreation in small watershed projects. These new authorities pave the way for greater cooperation of urban and rural people, and of farmers and sportsmen.

With these new tools, the Department can assist you and your local organizations in planning and carrying out Rural Renewal Projects, Resource Conservation and Development Projects, Watershed Recreation Projects, projects for expanding grasslands and family forests, and for the development of outdoor recreation facilities on farm land.

The Department looks to local people to initiate, to plan, and to carry out these projects in cooperation with local and State agencies, just as it does in its long-established conservation and development programs for privately-owned land.

The Department will enlist the help of farmer-elected committees and the advisory committees on credit and education. The Department will build upon the soundly conceived and technically aided experience of the Nation's 2,900 soil conservation districts, and upon proven methods of sharing conservation costs and providing credit. We will rely upon proven methods of education in cooperation with the land-grant colleges and universities. We will draw on our successful multiple-use experience in the National Forests. Research will seek out improved methods and test them. The Department also will continue to work closely with other Federal departments and agencies, for the whole concept of rural areas development is a joining of forces -- a joining of resources -- for revitalizing all of rural America.

But the ultimate success of rural areas development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them.

The Federal Government can provide incentives and technical services, but government cannot and should not do the job for local people. Government cannot and should not control all the land-use activities of its citizens.

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Local people -- those who live on the land and use it -- must make rural development and conservation their own business and carry out their own programs. The government has programs and resources that will help them. But any community -- any area -- that waits for government to pull it out of the problems caused by change and shifting economic and social patterns will be submerged.

The challenge, then, is to the leadership of the people of this great countryside of ours. Countless thousands of people, living up to the tradition born in rural America of local effort to meet local problems, have already accepted the challenge. They have sound experience and notable achievements to back them in this effort. Local leadership in farmer committees, in REA's, in Soil and Water Conservation Districts, in Rural Area Development Committees, as well as in scores of organizations in our towns and villages, has demonstrated its worth. A united and coordinated effort of all these forces will insure the future of rural America.

I should like to conclude by pointing out that our program for strengthening rural America is an integral part of our program for Food and Agriculture in the 1960's. The sound and fury over controversial supply management features of the Food and Agriculture Act of 1962 obscured the great advances authorized in the Act for conservation and development -- advances that drew quiet but strong support from conservation leaders in all fields and at all levels, rural and urban. But the goal of

strengthening the income of the family farm, by means of adjusting production to amounts that can be used, is inseparable from the goal of strengthening rural America.

We seek increased efficiency on our farms, and we would further this goal by helping farmers to acquire and operate more efficient farming units; but along with this we seek farm programs that will enable the farmer, as well as the consumer, to benefit from this increased efficiency.

We seek, therefore, to manage our abundant productivity, not by idling land, but by putting it to use to provide services such as recreation that are in increasingly scarce supply.

We repudiate the C.E.D. proposals to use poverty as a weapon to accelerate the migration from our farms, and to replace a surplus of wheat and corn with a surplus of men and women.

Instead, we can provide, in rural America:

-- a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities;

-- opportunities for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas;

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-- decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities;

-- communities that can provide health, education, and other public services equal to the best that we know how to provide;

-- resources of outdoor recreation of all kinds and in sufficient supply to meet the needs of our growing urban population;

-- the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation, and will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, September 17, 1962

NOTE TO CORRESPONDENTS:

Assistant Secretary of Agriculture John P. Duncan Jr. will deliver the attached speech, which Secretary of Agriculture Freeman had been scheduled to give in Miami Beach, Fla., Sept, 18.

Secretary Freeman returned to Washington earlier than planned because of legislative developments.

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Since becoming Secretary of Agriculture I have been constantly amazed by the fact that few Americans realize how big and complex ... how wide ranging and important ... is the business of making the land produce the abundance of food, fiber and timber we consume for our comfort and pleasure.

If some of these people who know of agriculture as mainly a problem of surplus grain had been with me during the past few days, I think they would have been overwhelmed by the enormous size and success of our agricultural plant ... and would have begun to appreciate how basic agriculture is to the strength and prosperity of this nation.

I left my office in Washington last Friday to speak in Portland, Oregon to an association of lumbermen who harvest timber from our National Forests ... this is part of American agriculture. The next two days I spent in California talking with farmers who grow cotton, rice, specialty crops such as those grown here in Florida, poultry and countless other food commodities .. this is part of agriculture. Yesterday morning I was in St. Louis to open the first of a series of "Land and People" conferences to discuss the ways and means of bringing new resources and new opportunity to rural America ... the rural community which is primarily dependent on farmers is part of agriculture. Last night I was in Illinois in an area where farmers grow corn and soybeans as cash crops.

Address by Secretary of Agriculture Orville L. Freeman at the 19th Annual Convention of the Florida Fruit & Vegetable Association, Hotel Americana, Bal Harbour, Miami Beach, Florida, Tuesday, September 18, 1962, 3:00 p.m. (EDT).

Today I am here before this association of fruit and vegetable growers ... and you represent another important segment of agriculture. If I continued traveling throughout the country at this same pace, I suspect it would take me another two weeks just to even touch the basic segments of American agriculture.

In the past 20 months, I have tried to reach every area of agriculture to talk with producers and processors. In these visits, I have been particularly impressed by two things: One is that most Americans do not realize how well the producers of our agricultural abundance have provided for the welfare of the American family; the other is that while agriculture is a national industry with national problems, there is a feeling among people in agriculture that their problems are separate and distinct from others. Yet all of agriculture needs to work together in solving these problems.

During the next few minutes, I would like to go into more detail on these two points as they affect the Nation and, particularly, as they affect you and the other segments of the agricultural economy.

I am sure that most visitors to this country find it hard to believe that most Americans do not realize the enormous accomplishment the American farmer has achieved. In much of the world, this kind of achievement would be acclaimed above all others.

When I was in India last year I was told that the one thing which impressed the people there was not our industrial accomplishment or our rockets, but the fact that fewer than 8 percent of our people could produce more food than our Nation could consume.

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There are many ways in which you can describe the magnificent accomplishment of the farmer, and all of them will be new to many Americans.

In increasing productive efficiency, the American farmer has surpassed the industrial worker. Between 1950 and 1960, the output of the average farm worker increased by an annual rate of 6.5 percent -- or three times as fast as the productivity of the man in the factory. One farmer today produces enough food and fiber to meet the needs of 27 persons -- an unbelievable contrast to the developing areas of the world where the farmer and his family often must work the land in order to supply only their own needs.

Or this success can be measured in what it has meant to the American people. For one thing, it has meant that food costs today will take about 20 percent of the monthly wage, as contrasted to over 25 percent only a decade ago. In another respect, the success of coaxing an abundance from the land has enabled us to banish the fear of hunger or starvation. No one need go hungry in this day.

This Administration has applied the cardinal principle that with abundance comes the responsibility of using it wisely. Only recently a report came across my desk which details how we are making more effective use of our agricultural abundance than ever before. In the past fiscal year -- ending June 30 -- we have distributed more than 4.7 billion pounds of food at home and abroad as compared to some 3.7 billion pounds in the previous year.

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Here at home, we have increased the distribution of food to those in need to a record total of 1.4 billion pounds -- some 60 percent greater than in the previous 12 months. Over 7.4 million persons shared in this food at the peak -- or almost two million more people than at the time this expanded program began in March of last year.

School children received nearly 63 percent more food this year in the school lunch program -- reflecting both an increase in the number of children as well as a substantial improvement in their diet. In addition, special supplementary foods were supplied to enable some schools to provide lunch programs for the first time.

Food supplied to charitable institutions increased some 16 percent this year, and the Department provided food to victims of natural disaster in 16 states and Puerto Rico.

This same expansion of food use was carried over into the Food for Peace program where we shipped about 15 percent more food abroad this year than the last. About 2.7 billion pounds of food was distributed in over 100 nations through voluntary relief agencies and intergovernmental organizations.

We also sold last year more than \$1.6 billion worth of food and fiber to nations which have bought these commodities principally in their own currencies. Much of this currency, in turn, is used by these nations to help finance their economic development programs.

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Thus, what we see emerging from even this brief account of the success of the American farmer and what it has meant to the American people is a strange set of paradoxes.

First, people everywhere in this nation and in many others, as well, have benefited. All have benefited ... all, that is, except the farmer. He has made possible one of the greatest achievements of man's history ... and yet he is able to earn hardly more than half on the average of what the non-farmer makes. And he has earned even less recognition.

Second, even with the enormous effort on the part of public and private agencies to insure that the fullest possible use is made of this abundance .. and with a distribution system in the commercial market which provides an endless array of tempting, wholesome food at reasonable cost ... even with all this, American agriculture produces more food and fiber than can be effectively and efficiently used.

It is a paradox, a magnificent paradox, an astounding challenge ... it marks the passage from an age of scarcity to a new age of abundance. And it brings us face to face with a set of problems which are new and perplexing ... and for which past experience is not too helpful in providing answers.

Rural America, that has contributed so much to our national growth and greatness, now faces a period of serious crisis -- a crisis brought about by the same technological and scientific progress that has made American agriculture the productive marvel of the world. But

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let me make it perfectly clear that the real threat to rural America does not lie in scientific and technological progress itself; the real threat lies in a failure to direct the changes that grow out of that progress to meet the real needs and wants of all the people. And it is not only rural America, but the health of the entire nation, that will be seriously threatened if we fail to preserve and advance the real values of the past as we adopt and make use of the new potential for the future.

I would like to emphasize that this threat is very real, and very serious. Its reality is illustrated by the cold facts of what has been happening to rural America in our generation. I will point out some of these facts a little later. Its seriousness is demonstrated by the fact that an organization as distinguished as the Committee for Economic Development has recently put out a proposal that would attempt to solve the farm problem by cruelly depressing farm income to the point where a mortal blow would be inflicted upon the small cities, towns, villages and farms that, together, make up rural America.

The C.E.D. would thus attempt to solve a problem of surplus grain by substituting for it an infinitely more serious problem of surplus human beings!

We are unalterably opposed to this approach.

Instead of the C.E.D. program of deliberately using poverty to drive people off the farms, we seek to end rural poverty by building new resources in the country.

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Instead of the C.E.D. program to idle our great land resources because they now produce more food than we can use, we seek to redirect those resources to meet critical and growing scarcities that exist in our society.

Instead of using rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job-seekers, we seek to develop in rural America facilities for outdoor recreation that will offer to the men, women and children of our cities opportunities to fulfill one of this Nation's most pressing and urgent demands.

These are some of our goals for rural America. Two out of every five Americans today live in areas that are essentially rural in their nature. These 76 million people on farms, or who live in rural areas and small communities are the ones most directly concerned with the danger signals that threaten rural America, though all Americans are indirectly involved. To understand their implications, let's look for a moment at some of the results that technological and scientific changes have brought about, along with the new problems arising because of the failure to adjust to these changes.

In the first place, it is important to recognize to what extent our growth in population reflects increasing urbanization. From 1950 to 1960, some 300 metropolitan counties accounted for 85 percent of the population increase. Outside urbanized areas, the population of most

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towns under 2,500 declined, while that of most towns from 2,500 to 10,000 people increased only slightly. But their supporting farm population dropped by one-third -- from 23.1 million to 15.6 million. On the average at least a million people left the farm every year through the 1950's.

Even with many fewer people to divide farm earnings, per capita personal income of the farm population was \$1,373 last year, or only 59 percent of the \$2,345 for the nonfarm population.

And this was true despite the fact that total realized net farm income was 10 percent higher in 1961 than in 1960, and the highest since 1953.

With its major economic mainstay in trouble, rural America began to slide backwards. And today we see these results:

More than half of the Nation's poverty today is rural poverty.

Rural people lack educational opportunities. Half of our urban people 25 years of age and older have had more than 11 years of formal education. By comparison, the median figure for the rural nonfarm population is 9.5 years of formal schooling, and for farm people it is 8.8 years.

Rural people lack employment opportunities. Underemployment in the countryside and its small towns is so great that it is the equivalent of around four million unemployed.

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This has happened in a countryside which has produced an abundance of food and fiber never before seen in the world -- where one farm worker feeds and clothes 27 people.

This has happened in the United States of America -- the richest nation in the world.

The sound and the fury over the management and use of agricultural abundance has too often obscured the plight of people and the plight of communities. Concern has centered on commodities -- instead of communities. And to solve the problem of abundance, it even has been seriously proposed that people deliberately and systematically be moved off the farm -- that the present rate of movement be speeded up.

We don't hold with the idea of depopulating rural America through administered out-migration. Change, inexorable though it is, can be shaped to work for people -- not against them. This means that we must have a two-pronged attack on the problems of agriculture. We must manage our abundant productivity in order that the really efficient family farm can produce a decent income; and, for those now living on farms that are not or can not operate efficiently, we must offer opportunities to raise their levels of living by means of both agricultural and non-agricultural pursuits, or some combination of the two, as far as practicable in their own communities where they prefer to live.

I am here today because I want to discuss with you personally the elements of the double assault which the Kennedy Administration is proposing to launch to increase farm income and revitalize rural America.

I believe that when you understand the nature of the problem . . . and when you understand the proposals we are advancing . . . you will see that we are proposing sound and reasonable answers to meet the crisis in rural America.

The principle of managing our abundance is one with which growers of fruits and vegetables long have been familiar, although by other names than supply management. You have sought to find ways by which you could fit your production to the needs of the market. Marketing orders for control of quality, for example, are an action to influence the supply. In some of your crops, the number of producers has become rather few, so that it becomes easier for each one to take market conditions into consideration in planning your business.

Because you are a more localized production area and your products are perishable, your actions take forms different from programs for wheat or feed grains. But the objective is the same: to help fit production to the needs and character of the market. The desire for equity, for a fair shake, for bargaining power is just as real for a farmer in Kansas or Florida or New York or California . . . that desire is just as real as the desire to get high yields or for minimizing losses in harvesting.

In some respects the marketing job is even harder than production. And although it's hard to keep up with rapid development in new techniques of production, the structure of the market has probably been changing as fast. We have seen in the last few years a growth of alternative processing outlets and of competitive products. We have watched the consumer become more discriminating as to her wishes and more demanding as to quality

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and service. We have observed voluntary and corporate chains, with huge centralized buying power, replace thousands of small independent grocers as retailers of our products. We have witnessed, on the one hand, the demise of many organized markets in favor of more direct trading, yet on the other, the telescoping of the marketing function into fewer steps. We can see in fruits and vegetables as in much of agriculture a trend toward a vertically integrated market structure. Where integrated firms are individually of moderate size and strength the market impact may not be great. Where they are big enough to dominate a market to some degree, their integration can add measurably to their power, making them a market force that producers must reckon with very seriously.

The complexity of the changing market structure presents an enormous challenge to the producer. Even to keep well informed is a monumental task. His best course of action is a puzzle that can provide many sleepless nights.

This administration considers supply management a pragmatic approach to the producer's problem because it encompasses a variety of solutions rather than one pat, simple answer. It is a commodity by commodity approach . . . in which the program for wheat or for feed grains would be entirely different from a program for grapes or poultry or peaches. Only the goal is the same . . . we seek to strengthen the income of the farmer.

This goal of better farm income is inseparable from the goal of strengthening rural America within the framework of the administration's Food and Agriculture program for the 60-s.

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Strengthening rural America is the second key order of business in the USDA. We are emphasizing Rural Area Development. We have reorganized the Department to place key action agencies under a new Assistant Secretary. We are developing new tools and seeking new legislation for a more effective program.

We seek to manage our abundant productivity, not by idling land, but by putting it to use to provide services such as recreation that are in increasingly scarce supply.

We repudiate the proposals to use poverty as a weapon to accelerate the migration from our farms, and to replace a surplus of wheat and corn with a surplus of men and women.

Instead, we can provide, in rural America:

--a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities;

--opportunities for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas;

--decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities;

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--communities that can provide health, education, and other public services equal to the best that we know how to provide;

--resources of outdoor recreation of all kinds and in sufficient supply to meet the needs of our growing urban population;

--the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation, and will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.

I ask your support . . . with it we can better serve all of America.

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U.S. Department of Agriculture
Office of the Secretary

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We are meeting here today at a most exciting period in the history of American agriculture. It is a time of change...a time of new opportunity...and a time of progress for the farmer and his family for the rural community and for the complex of industry, government and business which serves the farmer and rural America.

We have witnessed for the past decade and a half the most rapid series of changes in agriculture that man has known. Productivity of the family farm has increased enormously under the impact of science and technology and the American people have benefitted by eating better and at lower real cost than ever before. But while agricultural production has been sprinting along under the impact of science and technology, the farmer, the rural community and the nation have been unable to make the comparable progress in social and political forms which will enable all Americans -- including farmers and small town residents -- to enjoy the maximum benefits which are possible in an age of abundance.

Within this decade of the 1960's, however, I look for dramatic changes in public policy, in the relationship among the various institutions serving the farmer and rural America and in the public attitudes...changes as dramatic as we have seen in the art of farming since the end of World War II.

Such changes have already begun. Congress in the past two sessions has passed key landmark legislation -- much of which has been overlooked --

Remarks by Secretary of Agriculture Orville L. Freeman at the annual meeting of the National Association, State Departments of Agriculture, 9 a.m. (EST), September 25, 1962, Grand Rapids, Michigan.

that will prove to be of vital importance over the next few years. The Department of Agriculture is moving rapidly to gear up in administration and management, in new policies and organization and in personal determination so that we can better serve the nation in the age of abundance.

I would like today to discuss with you three particular areas where some changes already are well underway, or where we propose to venture into new experiences beyond the frontier of what we have done before. These specifically are the rural areas development programs, the new rural housing program for the aging and a proposal for closer cooperation between the Department and the state Departments of Agriculture. In all of these you, as key State officials, carry important responsibility.

Let me take these in order.

As many of you know, the administration is sponsoring a series of Land and People conferences in five regions of the country. We held the first in St. Louis, Mo., one week ago, and I will be in Portland, Ore., next week for the second.

These conferences are being held to explore the ways and means for reaching a number of vital goals to instill

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a new spirit of initiative and enterprise in rural America. This administration and those who are concerned that rural America should continue to make its invaluable spiritual and social contributions to our national life share common goals. We seek to end rural poverty by building new resources in the country, and not use poverty to drive people off farms. We seek to use land resources to meet critical and growing scarcities that exist in our society, and not idle these resources because they produce more food than we can use. We seek to develop new industry and new facilities for outdoor recreation in rural America to provide new opportunities for those who live there, and not use rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job seekers.

We propose to direct this new effort to revitalize rural America through the Department's Rural Areas Development program. As a first step, I have reorganized the Department to place key action agencies under a new Assistant Secretary. We are developing new tools, and I am hopeful that today the Congress will enact the new legislation which will provide a more effective program to strengthen rural America.

With this legislation the Department will have additional authority to develop long-range programs for putting the land we don't need for crops into new and profitable uses -- for timber, for grass-land farming, and for outdoor recreation including water-based recreation

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in small watershed projects. These new authorities pave the way for greater cooperation of urban and rural people, and of farmers and sportsmen.

With these new tools, the Department can assist local organizations in planning and carrying out Rural Renewal Projects, Resource Conservation and Development Projects, Watershed Recreation Projects, projects for expanding grasslands and family forests, and for the development of outdoor recreation facilities on farm land.

Rural areas development will become a blending of all available programs for a broad-gauge, long-range simultaneous attack on all the problems of rural America.

Credit problems are not being attacked separately from those of conservation.

Conservation is not being sought separately from the effort to bring production into balance with consumption and increase farm income through fair prices for farm products.

Industrial development is not being sought separately from solution of the problems of adequate training and education, water supply, sewage disposal, electrification, hospitals, libraries, and other necessary public facilities.

Help for the development of outdoor recreation on the farm and in the forest takes into account the need for credit and technical assistance, and the needs of both rural and urban people.

The time is past when each program goes its separate way. The time is here when local people can use as one the tools of credit, research, technical aid, electrification, educational services, marketing, and assistance in cooperative efforts.

The ultimate success of rural areas development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them.

The Federal Government can provide incentives and technical services, but government cannot and should not do the job for local people. Government cannot and should not control all the land-use activities of its citizens.

Local people -- those who live on the land and use it -- must make rural development and conservation their own business and carry out their own programs. The government has programs and resources that will help them. But any community -- any area -- that waits for government to pull it out of the problems caused by change and shifting economic and social patterns will be submerged.

With the impetus of local initiative combined with the immense resources made available through Rural Area Development, we can build the kind of rural America which will add to the economic strength of the Nation, and which will continue to make invaluable spiritual and social contributions to our national life. We can have

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this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.

The second area where we are venturing into new frontiers in rural America is in a little heralded, but significantly important, program to provide for the housing needs of the aged in rural areas. This session of Congress passed legislation -- The Senior Citizens Housing act -- introduced by Sen. John Sparkman and Congressman Albert Rains -- both of Alabama -- which establishes a long-term loan and grant program to enable rural residents over 62 -- on farms and in small towns -- to construct or buy new homes or modernize old ones. It further provides that private non-profit organizations and consumer cooperatives can borrow funds at low interest to build low cost rental housing and related facilities for the elderly in low and moderate income groups. The act also provides an insured loan program under which rental housing and related facilities can be built for the elderly by private industry.

This program to develop rural housing for the aged is part of the overall Rural Areas Development activity of the Department, but I wish to cite it here for its significance in indicating the philosophy which guides this administration and this Congress.

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Over a third of the 21 million people who are 62 and older live in rural America, and where the income level of all residents of rural areas is lower in relation to urban and suburban areas -- the income of those over 62 is proportionately even lower. Over half of the aged in rural areas have incomes of less than \$2,000 a year, and many have less than \$1,000 a year to live on. Like all people over 62, they have unique social and economic problems, and the new housing legislation will enable these people to secure decent, safe and sanitary housing -- an important health factor. Each of us individually, and all of us as a nation of people, owes some responsibility to share in the problems and needs of our fellow citizens. This program is one way to fulfill our moral commitments -- and to preserve our American values of home and family with dignity.

I have presented here two of the three areas I outlined at the beginning of my speech. In coming to the third, I am proposing that a more intimate relationship be established between the U.S. Department of Agriculture and the state Departments of Agriculture which you represent. If we can establish a greater bond, I believe we can look back to this day as the beginning of a new era in Federal-State relations.

As you are well aware, the Congress with the action of the House of Representatives on Sept. 18 passed the legislation which this

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association initiated to provide that the administration and enforcement of laws relating to food and agriculture should be shared more fully between Federal and state agencies.

It was my pleasure to join with you in recommending that this legislation which had bi-partisan sponsorship in both Houses -- be passed. I am now ready to begin translating legislative direction into executive action.

We have been preparing to explore this new frontier of federal-state cooperation. The executive committee of your association has suggested that a special task force be set up to study the areas where responsibilities of administration and enforcement can best be jointly carried out. Four members of the task force were appointed by President George S. McIntyre of this association -- one for each regional association -- and I was asked to appoint five members from the Department.

I am eager to accept this invitation, and I am prepared to name the five members who will represent the Department. As soon as this association has taken formal action to recognize the purpose of the Joint Task Force, we can begin seeking new and better ways to serve the farmer, consumer and processor.

I realize, as I am sure you do, that the task ahead will not be easy. It will require an attitude of good will and mutual trust

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on the part of each member of the task force. And, more than that, each state and each agency within the Department will need to give the fullest cooperation to the task force.

I promise you that the Department will not take the attitude that "Uncle knows best", and I am told by your directors that the State members are not concerned with proving they are "rebellious nephews," As a former Governor, I know that Federal officials often are too far removed from the grassroots and are inclined to overlook the practical economic aspects of a regulatory proposal. This sometimes is inescapable because they must look at a problem from its national impact. My experience as a Governor also has shown me that States sometimes use regulatory programs as trade barriers rather than as instruments to protect the consuming public.

Obviously, we can expect disagreements ... differences of opinions. But these are not insurmountable. In order that we can both obtain the maximum benefit from this exploration of joint sharing of responsibilities, I would like to suggest a number of steps, procedures and subjects which we should consider in establishing this Joint Task Force.

First, I believe we should jointly employ a competent staff person to serve as the executive director of the Task Force. To be successful, much research and study will be required -- and none of

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those who will be serving on the Task Force have adequate time to do the detailed work which will be necessary.

Second, I believe it would be a prime order of business for the Task Force to develop procedures for accrediting the administrative and regulatory services in the States as a means determining eligibility for sharing or delegating responsibilities now carried out by the Department. We need to recognize the the States vary in marked degree in the adequacy of facilities, personnel and procedures to carry out the numerous programs which now are administered to protect the public. This technique of accrediting is used by the colleges and Universities to recognize the transfer of degrees or course credits, and it would serve a useful purpose in our endeavor.

Third, I urge the Joint Task Force to be watchful that their recommendations always consider the need for economy in government. This effort to share responsibilities could be strained if the Task Force is not constantly watchful to apportion the cost of services in such a manner that financial responsibility is imposed equally -- and is not shifted arbitrarily.

Fourth, I strongly recommend that the Task Force confer with the Council of State Governments in an effort to bring about greater uniformity in State laws. A high degree of uniformity between the States in the regulatory and service fields will make it easier for states to cooperate -- and for the Department to share its national responsibilities.

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I know that some of the regional associations have begun working with the Agricultural Committees of the Council of State Governments, and I believe this should be as productive as other state agencies have found in programs for highways, public health and welfare.

Let me make it clear that our purpose should not be to seek complete uniformity, or to forestall innovations. With 50 states, we have a unique opportunity to experiment in many ways with new ideas to benefit both federal and state government, and there are additional regional differences which make complete uniformity impractical. Nor should it be the business of the Task Force to attempt to tell a State what organizational structure it should follow.

Fifth, the Joint Task Force should recognize that there is a distinct Federal sphere of responsibility in intra-state commerce and a distinct State's sphere in intra-state commerce. In order to serve the farmer, processor, distributor, and, most important of all the consumer both Federal and State governments must do an adequate job in their respective fields.

My experience in State government has convinced me that if the States believe their sphere of responsibility is being eroded away by an expansion of Federal power, it is because too many States move too slow to meet the visible public needs.

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Rightfully, the consumers are making their voices heard. They demand better assurance, for example, as to the wholesomeness of the meat and other foods. Yet the House Appropriations Subcommittee on Agriculture has stated that "Unless some changes in inspection procedures and coverage are made, the potential cost of meat inspection will soon expand far beyond reason. In this connection, the Department (USDA) is requested to make a special study to determine to what extent it can certify State meat inspection services and license them to inspect meat which moves in inter-state commerce."

The Committee's request may well be a good starting point for the Joint Task Force.

I am confident that the joint effort we are proposing to begin here today will be successful, for each of us serves the American public, and working together we can surely serve the people better. Because I believe this so strongly, I want to propose here that we prepare to recognize that the U.S. Department of Agriculture and the State Departments of Agriculture are one in our zeal to serve the American Farmer, consumer and food processor.

I can think of no better way to do this than to recognize the competence and ability of those people within our respective Departments.

Since 1947, the USDA has each year given special recognition for outstanding service to its employees in an Honor Awards ceremony held

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within the shadow of the Washington monument.

With your approval, I would like -- for the first time -- to make the personnel of State Departments of Agriculture and the units within your agencies eligible for the honor awards presented as national recognition for meritorious service in the field of agriculture.

Amendments to the regulations setting forth procedures for this historic step have been prepared. I will sign them as soon as the necessary procedural steps have been taken by this association. My associate, Barney Allen, will discuss this with you.

I look forward to presenting awards to those who work in your Departments.

Over the years, as those awards are handed out by succeeding Secretaries of Agriculture, I am confident that we will be working more effectively together, thereby channeling the great changes taking place to better serve all of our people and enhance the future of rural America.

What I have described today represents only a beginning. But it is a beginning founded in the recognition of human values, of the moral values of the family and community, of our responsibilities to each other and of the progress that comes when people work together to

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build something better than anyone could achieve working alone.

We have a long way to go, but I believe that we have a new spirit of hope and determination that will see us through.

Working together, we can succeed in making the full benefits of this age of abundance available to all Americans.

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U. S. Department of Agriculture
Office of the Secretary

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I am happy to be here today, only 24 hours after President Kennedy signed the Agriculture Act of 1962. By this action, which caps eight long months of struggle to obtain legislation for the farmer, we set in motion new forces to add greater momentum to the upswing in agriculture which is being felt throughout the land.

If I sound optimistic today, I have good reason. Farm income is up ... and will stay up ... and will get better. Surpluses in wheat and feed grains are down ... and will continue down ... and will stay down. The programs of the 1950's which brought bigger surpluses and bigger budgets ... and smaller and smaller income for the farmer ... have been wiped away ... These are the programs which have evoked public abuse and scorn ... and farmers have felt the whiplash of this as though it were directed solely at them. This, too, will diminish as the new programs which serve the farmer and taxpayer and consumer begin to be felt.

There is more to my optimism than this -- a new farm bill in the Agricultural Act of 1962. More funds for farm credit are available than was the case in 1960. Farm operating loans are increasing. There is credit for new housing and home modernization on farms and in rural communities ... last year more than 8,000 new homes in rural areas were financed by this program. The President will soon sign a landmark bill providing low cost, long-term housing loans for the senior citizens living in rural areas.

Speech prepared for delivery by Secretary of Agriculture Orville L. Freeman to the National Plowing Matches, Clifton County, Ohio, Friday, September 28, 1962, 2:00 p.m., EST.

More watershed construction is underway today than in any comparable period ... the percentage of industrial plants in rural America is increasing ... bank deposits in rural banks are up 10 percent from 1960 ... farm machinery sales increased last year, and sales this year are running 7 to 9 percent higher. Business along Main Street is better this year ... and was some 10 to 15 percent better last year than in 1960.

Thus I come to you in a firm mood of confidence and optimism for the future of Rural America. Agriculture has turned an important corner in 1961 and 1962 ... and will continue in 1963 and beyond to meet the President's challenge of getting America moving.

There is, for the first time in more than a decade, a new sense of purpose and direction in agriculture. The mood of frustration and hopelessness is lifting ... just as the black despair which gripped agriculture in 1960 was broken by the increase in farm income in 1961.

Most important of all, no one is saying that you can't do anything about the farm problem. That's what you used to hear. The record proves otherwise. We are moving ahead.

Two years ago, some experts doubted that anything could be done about the feed grain surplus. By 1964, as a result of the bill the President signed, feed grain stocks will be near the level needed for reserves. The surplus will be almost gone. We did it while boosting -- not breaking -- farm income.

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Two years ago, the experts were doleful about finding an answer to the giant buildup in wheat. The fear of what would happen if this surplus reached the market had immobilized any constructive action.

By the time the 1965 crop is marketed, we should have about half as much wheat in storage as we had in 1961 -- about the level needed for reserves. The wheat surplus will be nearly gone ... and we will have done it while boosting farm income.

The reasons I have cited are cause enough for optimism; but the new sense of purpose and direction in rural America is based on good reasons beyond those I have already related. Outstanding in pointing the way to a new day in rural America is the new conservation and land use legislation enacted this year and the actions and activities of the Department since 1960 in the Rural Areas Development program. All of this is directed to bringing new resources to a revitalized rural America.

Soon after taking the office of Secretary, I ordered a speed-up in the programs for Rural Areas Development. I wanted those agencies of the Department most directly concerned with developing rural resources to concentrate and coordinate their efforts to build new income opportunity from the use of land, water and timber in rural America.

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The individual projects ... the building blocks necessary to reach this goal, were to originate from and be channeled in their local, on-the-ground application by local citizens in rural counties and communities. Thus, all over rural America, thousands of individual projects to revitalize community after community would begin.

Then, in 1961, the Congress established the Area Redevelopment Authority and authorized it to make loans and grants to encourage new activity in areas where the economy is sluggish. Under this new legislation, the Department is able to help local groups in rural areas to obtain loans and grants to develop new industry, build community facilities and carry out training programs to teach new skills to local residents. We also are able to obtain funds for research projects and for developing local action programs.

The Congress also enacted a new housing act which provided for the first time that the Farmers Home Administration could make housing loans to all rural people, both to farmers and others who live in rural areas and rural towns.

In addition to this, we activated in the Department a long-dormant program under the Rural Electrification Administration which allows this agency to loan funds to REA co-ops to help them finance new and expanded industry within their territory.

The Kennedy Administration thus brings to rural America a new attitude and philosophy. We seek to build rural America. We denounce as contrary to the American purpose those programs -- such as the proposal of the Committee for Economic Development -- which would reduce farm income and drive farmers and residents of rural towns from their homes to the metropolitan area to compete in a crowded labor market.

We seek to end rural poverty by building new resources in the country, and not use poverty to drive people off farms. We seek to use land resources to meet critical and growing scarcities that exist in our society, and not idle these resources because they produce more food than we can use. We seek to develop new industry and new facilities for outdoor recreation in rural America to provide new opportunities both for those who live there and those in crowded cities, and not use rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job seekers.

We propose to direct this new effort to revitalize rural America through the Department's Rural Areas Development program. To follow those first steps we took in 1961 to create a vigorous RAD organization in rural counties, this year I have reorganized the Department to place key action agencies under a new Assistant Secretary. We are developing new tools, and there is a growing spirit of contagious enthusiasm throughout rural America for this RAD concept.

The RAD program is well on the way to providing an effective economical response to the expressed needs of rural people. Today, more than 50,000 people in rural America are giving their time and energy to rural development projects. There are some 2,700 projects in planning -- and about 900 are on the way towards producing new jobs and new opportunities. They already have helped create 12,000 new job opportunities.

In addition to these steps, the new farm bill has provisions -- largely overlooked in the intense concentration on commodity programs -- which will make the program to build rural America even more effective. It is my personal conviction that 10 years from now the Agriculture Act of 1962 will be remembered for its provisions to strengthen rural areas more than for its commodity programs ... important as they are to farm income and to bringing supply and demand into balance.

Let's take a look at the new provisions. They provide new tools for rural renewal, for putting land we don't need for crops into new and profitable uses -- for timber, for grassland farming, and for outdoor recreation including water based recreation in small watersheds.

First, we can now enter into cost-sharing agreements with individual farmers and ranchers to develop wildlife and recreation resources in addition to soil, water and forest resources. We have in this provision the beginning of a true multiple-purpose concept in the use of private lands.

Wildlife and recreation are income producing resources which the private landowner can develop in addition to the traditional sources of farm income.

In my trips around the country to discuss these income building programs with rural people, I have found some farmers who already have developed recreation as a profitable business. A dairy farmer near a mid-western city, for example, opened a four acre area around a pond on his farm a few years ago for public picnicking. He started it more as a hobby, but it soon developed into the most productive part of his farm. It now includes a clubhouse and 25 acres of land with many recreational facilities. His wife, with the help of neighboring women, has a catering service available to groups that rent the recreation site. The farmer still operates a 70 cow dairy farm with the help of his son and two hired men. He has invested about \$11,000 in recreation, and his gross return from those 25 acres last year was \$10,000. Several agencies of the Department at the local level have assisted this farmer in building the pond and planting trees, in loans to construct conservation facilities and in stocking the pond with fish.

Second, in areas where local or state government agencies want to attack rural poverty through a full-scale area-wide program similar to the approach now taken in metropolitan areas through urban renewal programs, the Department can provide up to 30-year loans to help finance rural renewal projects. Congressional committee approval will be required on loans for more than \$250,000 -- the same procedure now in effect for small watershed loans.

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Third, in connection with the small watershed program itself, the Congress has recognized recreational development as a goal in watershed development for which the Department will share in the cost. It means that the local farmers and businessmen who sponsor a watershed district could develop public recreational facilities around some of the reservoirs in their project, and the Department would pay half the cost of land, easements and right-of-way necessary to develop the recreation potential of this land and water conservation project.

Fourth, the Congress provided that the future needs for municipal and industrial water supplies will be additional criteria in determining whether Federal funds will be used for cost-sharing in the development of watershed programs. Thus, a rural community within a watershed district can plan ahead for future water needs in determining the size of reservoirs developed as water supplies.

Fifth, in making rural housing and farm operating loans, the Farmers Home Administration is authorized to make real estate loans to family farmers to develop recreational facilities.

I cannot begin here to describe the possibilities for new income opportunities which this legislation opens to the family farm and to the rural community. With these new tools, combined with the existing programs carried out by the Department, the possibilities are nearly limitless. The only limiting factors for the individual farmer and rural community leaders are how far and fast their imagination and initiative can take them.

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In explaining these provisions of the farm bill to the Congress these past few months, I outlined a special pilot program to put idle farmland into use to serve recreational, wildlife, grassland and forestry needs. This will be carried out in a series of demonstration projects scattered throughout the nation to stimulate even more such projects. We propose to begin this program immediately.

When these new tools for finding more rewarding uses for the resources of rural America are combined with the commodity programs enacted in the same farm legislation, I believe that the farmer and non-farmer alike will begin to see the outlines for a blueprint of progress for agriculture and rural America. They form the pattern for attacking the twin problems of excess productivity and rural poverty which have made up the farm problem.

Now, let's take a look at the commodity programs. You have heard a little about them so far, and you'll probably hear a lot more in the coming months. Before the facts get buried under the rhetoric, I'd like to present them as factually as possible.

For feed grains, we will have another voluntary program in 1963. It is basically similar to the 1961 and 1962 programs, and differs only in the method by which price supports will be made available to farmers who reduce planted acreage a minimum of 20 percent. They will receive a price support on corn of \$1.20 a bushel, made up of a basic price support loan at a national average rate of \$1.02 per bushel with an 18 cent per bushel payment in kind from CCC stocks. Diversion payment not to exceed 50 percent of the value of the crop on the land taken out of production will

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be paid to participating farmers. The payment in kind will be made in the form of certificates which farmers may exchange for feed grains or for cash.

For 1964, the Congress changed the method of setting the support price for feed grains. It required the Secretary to set the support level between 50 and 90 percent of parity -- with the limitation that the level should not result in adding more feed grain stocks to the surplus.

This is not an adequate long-range program for feed grains. The 1963 program lays a foundation on which we can build in 1964. Because the Emergency Feed Grain program has been so successful, and because it is now extended to 1963, the alternatives which may reasonably be considered for the long run are more numerous and their effects generally less burdensome than would be the case if the stocks were larger.

When the President signed the new farm bill, I reported to him that we are currently reviewing all possible alternative approaches, particularly in view of the fact that we look for feed grain surpluses to be near necessary reserve levels by 1964.

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In wheat legislation, since farmers had already approved marketing quotas for the 1963 crop and are now planting or preparing to plant, the Congress provided a voluntary program for farmers who would divert a minimum of 20 percent of their wheat acreage to conserving uses. For those who participate, the support price will be \$2.00 a bushel. They will receive the basic support price of \$1.82 a bushel plus a payment in kind of 18 cents a bushel. Diversion payments of up to 50 percent will be made on acreage taken out of production.

For the 1964 crop, the Congress provided a new permanent wheat program which the President pledged wheat growers he would seek to enact when he was elected. It provides a two-price system for wheat, which distinguishes between wheat produced for food and export, and wheat produced for feed. It eliminates the 55 million national acreage allotment, set at a time when yields were only half of their current level.

The new legislation authorizes the Secretary to estimate the total needs for wheat in any given year and announce an acreage allotment large enough to meet those requirements. For that segment of the allotment needed for domestic consumption and a large portion of the exports, certificates will be issued to farmers entitling them to sell this wheat at a price level to be set between 65 and 90 percent of parity. In 1964, we are proposing to support the certificate wheat at a national average price of about \$2.00 a bushel. For the remainder of his allotment, the farmer can market it at a price level which will reflect either its feed value or the world wheat value, or a combination of both.

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This wheat program brings to a successful conclusion over four decades of public discussion. It has been debated in the Congress for at least a decade, and it has a long record of support from major farm organizations in wheat producing areas. It will mean that farmers and the grain trade can look forward to a meaningful program which will enhance farmer income and will give the nation a program that will not add to the surplus each year.

Thus, this Congress has enacted legislation on the two commodities which have been the most troublesome over the past decade. And now we can see clearly the end of those surpluses ... and a strengthening of the market for the farmer and substantial savings for the taxpayer.

As a result of the new programs in agriculture these past two seasons, rural America is now on the rising trend of an agricultural upswing. I am confident this surge will continue, and will increase in momentum as the results of a host of activities begin to flow from the farm and the rural community into the national economy. Let me pinpoint some of the accomplishments and progress we have made.

Net farm income in 1961 increased 10 percent above 1960, or over \$1 billion to an eight-year high of \$12.8 billion. Net income per farm rose to a record level of \$3,360. These gains are being sustained in 1962, and the action of the Congress this week has greatly improved the prospects for an increase in farm income in 1963.

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I recognize that not every farmer had a better year in 1961, but I know the majority of farmers did. The overwhelming majority of farmers would answer the question, "Haven't the prospects for better days in agriculture improved since 1960?" with a "Yes"?

Therefore, I would ask the American farmer to remember that only a five-vote margin in the House of Representatives separated him from having to go back to the 1960 conditions in 1963.

I think it is important to remember also that every Republican in the House voted to kill the 1961 Feed Grain program, the Agriculture Act of 1961, and the Agriculture Act of 1962. And every Republican in the Senate voted against the Agriculture Act of 1962.

Again, as before in the history of this nation, a Democratic Administration has passed legislation and inaugurated programs to help the farmer and rural America. Again, as before, we have had a farm depression under a Republican Administration ... and then Republican obstructionism when a Democratic Administration took steps to get the country moving ahead again.

These are simple facts which the people of rural America ought to remember when they vote on November 6. I believe the farmers and others who live in rural areas and rural communities want to get moving ahead again. I don't believe they want to go back to the programs that piled on the surpluses while farm income was being driven down ... down ... down.

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I am sure you are pleased that we are well on the road to eliminating those surpluses. Do you remember back in 1953 when we had a \$2.5 billion reserve of food and fiber? I mean reserve because we need to have a stockpile of food for 180 million people. That reserve built up all during the 1950's, and reached a peak value in 1960 of over \$9 billion, with an acquisition value of \$7.9 billion in 1960. It became a surplus because it was more than we need for strategic and emergency purposes. This Administration began whittling it down, and today we have \$6.4 billion worth of food and fiber. That's \$1.5 billion less than two years ago, but it still is too big.

We are well on the road towards bringing the stockpile into balance ... to eliminating the surplus so that it no longer hangs over and depresses the market for the farmer. By 1964, with the new legislation enacted this year, we will have the feed grain surplus nearly under control ... By 1965, we will be in the same position on wheat ... we will have kept our pledge to the farmer and have kept our faith with the taxpayer and consumer.

We also have kept our faith with the hungry, with the poor, and with our commitment to insure that the young people have an adequate, healthy diet. This Administration recognizes that with abundance goes the responsibility to use it wisely. The first executive order issued by President Kennedy increased the quantity and quality of food being distributed by the Department of Agriculture. In less than a year, we doubled the quantity and quality of food in the direct distribution program. We

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launched a pilot food stamp program which has proved itself more successful than anyone thought possible. In the first full year of the expanded food sharing programs, we increased the amount of food for school lunch programs by 63 percent -- reflecting both an increase in the number of students and an improved diet. Needy families received 60 percent more food, while we increased our sharing in other nations through charitable and governmental agencies by 15 percent. Through the Food for Peace Program, we increased our sales to developing nations to a record level of \$1.6 billion worth of food.

The new farm bill provides new tools for sharing our abundance even more widely abroad. We will be able to expand the school lunch program to more children overseas, and we also will be able to enter into more long-term supply contracts for dollar sales.

Now, before leaving the roll call of accomplishments for the farmer and the rural community, I would like to point out two other pieces of legislation enacted this year by the Congress which will be enormously beneficial to the rural community. I shall touch on them only briefly, but I want to mention them because they are vitally important.

First, the Congress passed -- with scarcely any notice -- a Senior Citizens Housing Act which establishes a long-term loan and grant program to enable rural residents over 62 -- on farms and in small towns -- to obtain low-interest, long-terms to construct or buy new homes or modernize old ones. Private non-profit and consumer cooperatives can borrow funds as well at low interest to build low cost rental housing and related

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facilities for the elderly in low and moderate income groups. An insured loan program is available to private industry under which it can build rental housing and related facilities for the elderly. This program will be administered through the Farmers Home Administration in rural areas, and added to an already doubled credit program for farm and rural housing, it will be providing an enormous boost to the rural economy.

Second, the President signed into law in mid-September a Public Works Acceleration Act which is designed to create new jobs immediately in hard pressed rural areas as well as urban.

We have a massive backlog of projects to increase public service facilities throughout rural America. They are ready to go, and they will add even more stimulation to the agricultural upswing in rural America. Most can be started within 30 to 60 days, and all can be completed rapidly. And all will speed the rural areas development program.

Looking back over this session of the Congress, there is little doubt that it provided more progressive legislation in agriculture than any Congress since the 1930's. The record speaks for itself -- commodity legislation, rural development, recreational development, care for the aging, wider sharing of our abundance, new jobs ... but mostly a spirit of surging economic progress.

What does it mean?

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To me, it means the mood of frustration which is implied in the statement that "nothing can be done about agriculture" is lifting.

To be sure, there are those who will cry "regimentation" or "dictation" at the wheat program ... or "blackjack" at the feed grain program. We have heard this before, and it is always the shrill voice of those who had an opportunity to help the farmer and refused to act.

Wheat farmers know that 1962 has been a good year ... and 1963 can be just as good. From 1964 on they will have a wheat program that will enable them to produce for the market at a good price, and provide the consumer with stable prices while bringing substantial savings to the taxpayer.

We also hear the woeful voices predicting 80 cent corn in 1964 ... despite the fact that the feed grain surpluses will be nearly eliminated by that time and the market will be free of the depressing influence of the mountainous stockpile for the first time in many years ... Never in the past decade have farmers had a better opportunity to maintain fair prices without building up greater surpluses.

Remember this: These voices you hear are practicing scare tactics ... And scare tactics will not frighten farmers. Nor will they frighten the rural community which can look forward today with greater confidence in the future.

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This new spirit of optimism and confidence in agriculture will, I predict, remake the face of rural America by the 1970's. It will be a rural America of strong family farms ... of sound communities ... a rural America where resources are being used, and where opportunity is as abundant as the food we produce today.

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1962

I am happy to be in Portland for the second time in less than three weeks.

In mid-September, I met here with the Western Pine Association. We considered ways of improving the multiple-use management of the National Forests for the continuing benefit of all Americans -- water users, farmers, ranchers and their communities, the lumber industry, and the millions who find the relaxation of outdoor recreation in these publicly owned forest and range lands.

Today, it is my privilege to discuss with you the conservation and development of all the resources of our great countryside for the strengthening of rural America. This is a task for all people of the United States, for a strong rural America will continue to make invaluable contributions to the strength of the whole nation.

The praises of rural America have rightly been sung by political philosophers, poets, and historians. They have told of the basic qualities that made our land great -- the initiative, the independence, the dedication to the ideals of democracy, the pioneering courage that overcame tremendous obstacles, and the vision to aspire to a future of limitless possibilities. They told how these qualities grew, flourished, and bore fruit on farms and ranches and in small towns as America grew.

This rural America now faces a period of serious crisis -- a crisis brought about by the same technological and scientific progress that made American agriculture the productive miracle of the world.

Address by Secretary of Agriculture Orville L. Freeman keynoting regional Land and People Conference, Municipal Auditorium, Portland, Ore., October 1, 1962, 9:45 A.M., (PDT).

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But let me make it perfectly clear that the real threat to rural America does not lie in scientific and technical progress itself. The real threat lies in the failure to direct the changes growing out of that progress to meet the real needs and wants of all the people of this nation. And the health of the entire nation, not merely that of the countryside, will be seriously threatened if we fail to preserve and advance the real value of the past as we adopt and make use of the potential for the future.

This threat is very real, and very serious. Its reality is illustrated by the cold facts of what has happened to rural America in our generation. I will point out some of these facts a little later. Its seriousness is demonstrated when an organization as distinguished as the Committee for Economic Development proposes to solve the farm problem by cruelly depressing farm income to the point where a mortal blow would be inflicted upon the small cities, towns, villages and farms that, together, make up rural America.

The C.E.D. would thus attempt to solve a problem of surplus grain by substituting for it an infinitely more serious problem of surplus human beings!

We are unalterably opposed to this approach.

Instead of the C.E.D. program of deliberately using poverty to drive people off the farms, we seek to end rural poverty by building new resources in the country.

Instead of the C.E.D. program to idle our great land resources because they now produce more food than we can use, we seek to redirect those resources to meet critical and growing scarcities that exist in our society.

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Instead of using rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job-seekers, we strive to develop in rural America facilities for outdoor recreation that will offer to the men, women and children of our cities opportunities to fulfil one of this Nation's most pressing and urgent demands.

These are some of our goals for rural America. In order to approach this task within a framework of understanding that will enable us to choose the best programs directed toward these goals, I am asking you to review with me: first, the size and shape of rural America; second, some of the facts today that clearly warn us of the imminent threat to our rural economy; and, third, some of the programs we are developing to avert this threat by expanding opportunity and encouraging new growth.

Let's take a look at rural America today.

Two out of every five Americans today live in areas that are essentially rural in their nature. Almost 16 million live on farms. Thirty-eight million others, who are not farmers, live close to the land in strictly rural areas. In towns and non-metropolitan cities of less than 25,000 population there are 22 million more people who, because they draw their economic life-blood from the countryside, are also a part of rural America.

They total up to 76 million people who are most directly concerned with the danger signals that threaten rural America, although all Americans are indirectly involved. To understand their implications, let's look for a moment at some of the results that technological and scientific changes have brought about, along with the new problems arising because of the failure to adjust to these changes.

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In the first place, it is important to recognize to what extent our growth in population reflects increasing urbanization. From 1950 to 1960, some 300 metropolitan counties accounted for 85 percent of the population increase. And 50 of these metropolitan counties had half of the Nation's total population growth.

Outside urbanized areas, the population of most towns under 2,500 declined, while that of most towns from 2,500 to 10,000 people increased slightly. But their supporting farm population dropped by one-third -- from 23.1 million to 15.6 million. On the average at least a million people left the farm every year through the 1950's.

The decline in farm population reflects the economic plight of the farmer. The efficient family farmer found it necessary to increase his acreage enough for full use of the machine-based technologies. He bought or rented land from the small farmer who lacked the resources or the skills to use the new technology.

Many small farmers gave up, or turned to whatever nonfarm work they could find in order to remain in rural America. In 1959, families on the 2.9 million farms producing less than \$10,000 in gross marketings got 73 percent of their cash income from nonfarm sources.

Even with many fewer people to divide farm earnings, per capita personal income of the farm population was \$1,373 last year, or only 59 percent of the \$2,345 for the nonfarm population.

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And this was true despite the fact that total realized net farm income was 10 percent higher in 1961 than in 1960, and the highest since 1953.

With its major economic mainstay in trouble, rural America began to slide backwards. And today we see these results:

More than half of the poverty in America today is in rural America.

Rural people lack educational opportunities. Half of our urban people 25 years of age and older have had more than 11 years of formal education. By comparison, the median figure for the rural nonfarm population is 9.5 years of formal schooling, and for farm people it is 8.8 years.

Rural people lack job opportunities. Underemployment in the rural areas is so great that it is the equivalent of around four million unemployed.

This has happened in a countryside which has produced an abundance of food and fiber never before seen in the world -- where one farm worker feeds and clothes 27 people.

This has happened in the United States of America -- the richest, most vigorous and dynamic society in the world.

The sound and the fury over the management and use of agricultural abundance has too often obscured the plight of people and the plight of rural communities. Concern has centered on commodities -- instead of communities.

But we are here today because our concern -- yours and mine -- is for people and their communities.

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Change, inexorable though it is, can be shaped to work for people -- not against them. This means a two-pronged attack on the problems of agriculture. We must manage our abundant productivity in order that the really efficient family farm can produce a decent income; and, second, for those now living on farms that cannot be operated efficiently, we must offer opportunities to raise their levels of living by means of both agricultural and non-agricultural pursuits, or some combination of the two, as far as practicable in their own communities where they prefer to live.

It is utterly inconceivable to me to think that in the American society there is a lack of resources, a lack of ingenuity, or a shortage of determination to revitalize rural America.

What basic resources do we have with which to strengthen rural America?

First, we have tremendous human resources. You and thousands of others are serving in hundreds of local, State, and regional planning and action institutions or committees -- both public and private.

Second, we have abundant natural resources in our land, water, forests, and wildlife. Nearly three-fourths of all land in the 48 contiguous States is in private ownership. More than three-fifths of all land in the 50 States is privately owned. Here is the source of our abundance of food and fiber, and 69 percent of our commercial forests. Privately owned land, together with the National Forests and other public land, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.

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Eighty percent of the game taken by hunting is produced on privately-owned land. Eighty-five percent of the wildlife habitat economically feasible of improvement is privately-owned.

Here, near the crowded cities, is space for outdoor recreation, and the water, fish, game, wild creatures, and woodlands to make outdoor recreation truly meaningful to urban people who desperately need it.

Here, in agriculture, are assets of \$207 billion, producing commodities selling for around \$35 billion. Farmland alone is valued at more than \$109 billion -- a living, renewable resource that feeds, clothes, shelters, and possesses intangible values no man can measure.

Third, we have programs to enable people to conserve, use, and develop the land and water resources -- a whole galaxy of action programs authorized by the Congress, by the States, and by local government. In an all-out effort to improve and strengthen these programs, the USDA is emphasizing rural areas development.

Rural areas development is a blending of all available programs for a broad-gauge, long-range simultaneous attack on all the problems of rural America.

Credit problems are not being attacked separately from those of conservation.

Conservation is not being sought separately from the efforts to bring production into balance with consumption and increase farm income through fair prices for farm products.

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Industrial development is not being sought separately from solution of the problems of adequate training and education, water supply, sewage disposal, electrification, hospitals, libraries, and other necessary public facilities.

Help for the development of outdoor recreation on the farm and in the forest takes into account the need for credit and technical assistance, and the needs of both rural and urban people.

The time is past when each program goes down a separate path. The time is here when local people can use as one the tools of credit, research, technical aid, electrification, educational services, marketing, and assistance in cooperative efforts.

The time is past when land can be idled. Rural America -- all America -- needs all its land in economic use, but not for crops. Instead, land can be put to paying use for the production of grass, trees, and outdoor recreation.

The time is past when America can afford a single use for any acre if that acre can be put to multiple-use, just as the National Forests are producing timber, water supply, forage, wildlife and recreation -- all at the same time.

And the time is past when it's even valid to ask, "Can rural America be revitalized?"

Rural America is being revitalized now.

It is happening where local people take the initiative, as they did in the Northeast Elko Soil Conservation District of Nevada.

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When the district was organized in 1948, there was little coordination of conservation work on public and private lands. Sagebrush had taken over 350,000 acres. Little grass was left for cattle. Food and cover for wildlife was scant. The land was eroding. Few measures were being used to conserve and use the limited rainfall, or the water from mountain snowmelt.

Then the district supervisors mobilized the services of the Bureau of Land Management, the U.S. Fish and Wildlife Service, the Forest Service, the Soil Conservation Service, the Nevada Fish and Game Department, and the Nevada State Department of Conservation and Natural Resources, to launch a thirty-five year program to develop the entire area.

As needed, conservation cost-sharing help from USDA's Agricultural Stabilization and Conservation Service and credit aid from the Farmers Home Administration were available. These programs meshed with technical help from the Soil Conservation Service, the range and watershed management work of USDA's Forest Service on the Humboldt National Forest, and the improvement of public domain by Interior's Bureau of Land Management.

Last year--10 years after the coordinated program started--the work was appraised.

Range conditions had improved 20 percent, and as a result a sounder livestock industry benefits the communities, schools, churches, and business as well as the ranchers.

And there is a big increase in outdoor recreation dollars flowing into the district. The value of meat harvested annually has doubled the \$51,000 figure at the start of the program.

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New fishing waters were created by the construction of several reservoirs, wildlife is increasing, and picnicking and camping draw more people to the area.

Because of multiple-use management, Humboldt National Forest is a major asset to the local communities in the area.

But that isn't all. Today, for the first time, central station electric service is available in many remote areas of the soil conservation district, as well as in other parts of Elko County and nearby Utah.

Northeast Elko Soil Conservation District is not an isolated case. It is one of more than 2,900 locally-governed soil and water conservation districts covering 96 percent of the Nation's farms.

The Wells Rural Electric Company is just one of 995 rural electric cooperatives which have helped to bring central electric service to 97 percent of the Nation's farms and ranches.

The Humboldt National Forest is one of the 154 National Forests responsive to local and national needs for timber, forage, water supply, wildlife conservation, and outdoor recreation.

Throughout rural America, local people are directly involved in seeking common objectives for their communities and areas.

More than 50,000 rural and small-town people are members of over 1,500 rural areas development committees. They already have prepared 2,700 development project proposals, and have started 900 of them. These 900 operating projects have created new jobs for more than 12,000 rural people. And when plans for the other 1,800 projects are rolling, an estimated 25,000 new jobs will have been created in rural America.

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There is no better place to see -- and to feel -- the upswing in the countryside than with the family in a new rural home.

Time and again we have seen fears disappear and confidence reappear as the Department has helped rural families to finance 6,200 new homes since the Housing Act of 1961 was passed. The effect also is electrifying on the community. The building of a new home is proof that someone has confidence in the community's future as a good place to live, to work, and to bring up a family.

And the effect goes far beyond the community. It is like a pebble dropped into a still pond. Rural construction creates jobs and extra buying power for carpenters, electricians, bricklayers, and others. It provides an additional market for building materials and appliances -- a market that helps to buoy the urban economy.

This is extremely important, for we are an interdependent people -- rural, suburban, and urban. Revitalization of the countryside will be speeded by a strong and vigorously growing urban economy with the means to buy the goods and services, including outdoor recreation, produced in rural areas.

And each region is an integral part of the whole.

Yet, each region differs from all the others. There are measurable differences in climate, resources, size of farm, crops and livestock produced, income, density of population, public facilities and services, nearness to markets, degree of industrial development, historical background, and in the impact of change. Each region, and in most cases each sub-region or

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area, has problems and resources peculiar to it.

This conference was arranged to give you full opportunity to review with each other, and with us, the problems of this region and the resources -- both human and physical or material -- for solving these problems.

I urge each of you to participate in one of the four discussion groups. We are eager to have your answers to the questions to be propounded at these group sessions.

You have an opportunity to be heard on matters of vital concern to rural development and conservation in your region.

We are here to listen, and to learn. We want your suggestions for improving the Department's services for conservation and development.

To make the services of the Department more effective, I have reorganized it to place under one leader -- the Assistant Secretary for Rural Development and Conservation -- the Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Office of Rural Areas Development, the Rural Electrification Administration, and the Soil Conservation Service. This is a grouping -- a packaging -- of important development and conservation services to enable the Department to help you more effectively.

In making these and other changes in the Department, I have sought the advice of almost countless rural leaders. I have worked closely with members of Congress.

And I am happy to report to you today that the Congress has provided new and important tools for your use in revitalizing the countryside.

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Some of these are in the Food and Agriculture Act of 1962, which was passed last Tuesday.

Others are in the Public Works Acceleration Act which President Kennedy signed into law in mid-September. This Act's purpose is the immediate creation of new jobs in financially hard-pressed rural as well as urban areas.

The Department of Agriculture has a massive backlog of work projects ready to provide new jobs and economic upswing in rural areas eligible for help under the Accelerated Public Works Program, in virtually every State. Most of them can be started within 30 to 60 days after funds are allocated. All can be completed rapidly. All will create jobs and speed rural areas development in cooperation with local people.

Some of the projects ready for operation are Federal. Some are cooperative projects with State and local governmental subdivisions. Local cost-sharing or matching of Federal funds is required for these projects. Scores of multi-purpose dams in Small Watershed projects sponsored by local agencies in cooperation with SCS could be included. So could State-Forest Service cooperative projects, including protection of forested areas from fire, insects, and diseases.

USDA is working closely with the Department of Commerce, which administers the Accelerated Public Works Program, in getting rural projects started immediately. USDA already was working with the Department of Commerce in carrying out the Area Redevelopment Act in eligible rural areas.

The Food and Agriculture Act of 1962 gives the Department authority to aid rural people in new long-range programs for putting the land we don't need for crops into new and profitable uses, including a great expansion of outdoor recreation for all Americans.

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Permit me to briefly describe some of these new authorities.

USDA now can enter into agreements up to 10 years with farmers and ranchers to carry out long-range conservation plans. These agreements will provide for cost-sharing and other help for changes in cropping systems and land use, and for developments of soil, forest, wildlife and recreation resources. This includes land on which conservation reserve contracts are expiring.

The Department has authority to assist State and local public agencies designated by the Governor or the State Legislature to carry out land utilization plans. Federal loans, repayable within 30 years, can be made to the designated State and local agencies.

In Small Watershed Projects, the Department now may share with agencies of the State up to one-half of the cost of land, easements, and rights-of-way for reservoir or other areas to be managed by State and local agencies for public recreation. Cost-sharing also may be made available for providing sanitary facilities, electrical service, boat anchorage and launching sites, swimming beaches, roads, parking areas, public camp and picnic sites, trails, overlook stations, cleared public use water areas, and related administrative facilities. State fish, wildlife, and park agencies are eligible for help. So are counties, municipalities, and special purpose districts created by or under provisions of State legislation.

The Department may now advance funds to local organizations for immediate purchase of lands, easements, and rights-of-way to prevent encroachment of other developments in Small Watershed Projects. These funds would have to be repaid with interest before construction is started.

The Department now may aid local organizations in developing water supply for future use in Small Watershed Projects. USDA can pay up to 30 percent of the total cost of a reservoir to store water for future municipal or industrial use. Repayment and interest charges may be deferred up to 10 years if the water stored for future use is not used during that period. Repayment with interest will begin as soon as the water is first used. (more)

All these and other watershed act amendments are applicable to the 11 watersheds, such as the Santa Ynez Flood Prevention Project in Santa Barbara County, California, authorized under the Flood Control Act of 1944.

For the first time, the Department through the Farmers Home Administration can make real estate loans to individual farmers for development of outdoor recreation. The owner-operator of a family-size farm may borrow up to \$60,000 for construction of fish ponds, development of hunting preserves, construction of cabins, picnic and camping areas, and other facilities for outdoor recreation. The borrower may have up to 40 years to repay the loan at five percent interest.

Operating loans up to \$35,000 also are available to owner-operators and to farm tenants for operation of recreational facilities. These loans are repayable in seven years at five percent interest.

With these new tools, the Department can assist you and your local agencies in planning and carrying out Rural Renewal Projects, Resource Conservation and Development Projects, Watershed Recreation Projects, development of future water supply, projects for expanding grasslands and family forests, and for the development of outdoor recreation facilities on farm land.

The Department looks to local people to initiate, to plan, and to carry out these projects in cooperation with local and State agencies, just as it does in its long-established conservation and development programs for privately-owned land.

The ultimate success of rural areas development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them.

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The Federal Government can provide incentives and technical services, but government cannot and should not do the job for local people. Government cannot and should not control all the land-use activities of its citizens. The government has programs and resources that will help them. But any community -- any area -- that waits for government to pull it out of the problems caused by change and shifting economic and social patterns will be submerged.

The challenge, then, is to the leadership of the people of this great countryside of ours. Countless thousands of people, living up to the tradition born in rural America of local effort to meet local problems, have already accepted the challenge. They have sound experience and notable achievements to back them in this effort. Local leadership in farmer committees, electric and other cooperatives, in soil and water conservation districts, in rural areas development committees, as well as in scores of organizations in our towns and villages, has demonstrated its worth. A united and coordinated effort of all these forces will insure the future of rural America.

I should like to conclude by pointing out that our program for strengthening rural America is an integral part of our program for Food and Agriculture in the 1960's. The heated debate over controversial supply management features of the Food and Agriculture Act of 1962 obscured the great advances authorized in the Act for conservation and development -- advances that drew quiet but strong support from conservation leaders in all fields and at all levels, rural and urban. But the goal of strengthening the income of the family farm, by means of adjusting production to amounts that can be used, is inseparable from the goal of strengthening rural America.

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We seek increased efficiency on our farms, and we would further this goal by helping farmers to acquire and operate more efficient farming units; but along with this we seek farm programs that will enable the farmer, as well as the consumer, to benefit from this increased efficiency.

We seek, therefore, to manage our abundant productivity, not by idling land, but by putting it to use to provide services such as recreation that are in increasingly scarce supply.

We repudiate the C.E.D. proposals to use poverty as a weapon to accelerate the migration from our farms, and to replace a surplus of wheat and corn with a surplus of men and women.

Instead, we can provide, in rural America:

-- a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities;

-- opportunities for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas;

-- decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities;

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-- communities that can provide health, education, and other public services equal to the best that we know how to provide;

-- resources of outdoor recreation of all kinds and in sufficient supply to meet the needs of our growing urban population;

-- the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation, and will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.

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U.S. Department of Agriculture
Office of the Secretary

1.3 I am happy to be in the mile-high city of Denver.

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8, 1962 Crossing the Plains with the speed of a modern airliner, I remembered with pride the courageous men and women who only a few short generations ago came in covered wagons, on horseback, and on foot to carve out new homes and new farms and ranches on the Plains and in the Mountains. And how many others braved the dangers of mountain passes and deserts to push the frontier westward to the Pacific. I remembered, too, how countless people through the years have struggled and won against the drought and dust of the Plains -- through lean years and good years.

Political philosophers, poets, and historians have rightly sung the praises of rural America. They have told us of the basic qualities that made our land great -- the initiative, the independence, the dedication to the ideals of democracy, the pioneering courage that overcame tremendous obstacles, and the vision to aspire to a future of limitless possibilities. They told us how these qualities grew, flourished, and bore fruit on farms and ranches and in small towns as America grew.

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Address by Secretary of Agriculture Orville L. Freeman keynoting regional Land and People Conference, Hilton Hotel, Denver, Colo., October 8, 1962, 9:45 a.m. (MST).

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This threat is very real, and very serious. Its reality is illustrated by the cold facts of what has happened to rural America in our generation. I will point out some of these facts a little later. Its seriousness is demonstrated when an organization as distinguished as the Committee for Economic Development proposes to solve the farm problem by cruelly depressing farm income to the point where a mortal blow would be inflicted upon the small cities, towns, villages and farms that, together, make up rural America.

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This has happened in the United States of America -- the richest, most vigorous and dynamic society in the world.

The sound and the fury over the management and use of agricultural abundance has too often obscured the plight of people and the plight of rural communities. Concern has centered on commodities -- instead of communities.

But we are here today because our concern -- yours and mine -- is for people and their communities.

Change, inexorable though it is, can be shaped to work for people -- not against them. This means a two-pronged attack on the problems of agriculture. We must manage our abundant productivity in order that the really efficient family farm can produce a decent income; and, second, for those now living on farms that cannot be operated efficiently, we must offer opportunities to raise their levels of living by means of both agricultural and non-agricultural pursuits, or some combination of the two, as far as practicable in their own communities where they prefer to live.

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It is utterly inconceivable to me to think that in the American society there is a lack of resources, a lack of ingenuity, or a shortage of determination to revitalize rural America.

What basic resources do we have with which to strengthen rural America?

First, we have tremendous human resources. You and thousands of others are serving in hundreds of local, State, and regional planning and action institutions or committees -- both public and private.

Second, we have abundant natural resources in our land, water, forests, and wildlife. Nearly three-fourths of all land in the 48 contiguous States is in private ownership. Here is the source of our abundance of food and fiber, and 69 percent of our commercial forests. Privately owned land, together with the National Forests and other public land, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.

Eighty percent of the game taken by hunting is produced on privately-owned land. Eighty-five percent of the wildlife habitat economically feasible of improvement is privately-owned.

Here, near the crowded cities, is space for outdoor recreation, and the water, fish, game, wild creatures, and woodlands to make outdoor recreation truly meaningful to urban people who desperately need it.

Third, we have programs to enable people to conserve, use, and develop the land and water resources -- a whole galaxy of action programs authorized by the Congress, by the States, and by local government. In an all-out effort to improve and strengthen these programs, the USDA is emphasizing rural areas development.

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Rural areas development is a blending of all available programs for a broad-gauge, long-range simultaneous attack on all the problems of rural America.

Credit problems are not being attacked separately from those of conservation.

Conservation is not being sought separately from the efforts to bring production into balance with consumption and increase farm income through fair prices for farm products.

Industrial development is not being sought separately from solution of the problems of adequate training and education, water supply, sewage disposal, electrification, hospitals, libraries, and other necessary public facilities.

Help for the development of outdoor recreation on the farm and in the forest takes into account the need for credit and technical assistance, and the needs of both rural and urban people.

The time is past when each program goes down a separate path. The time is here when local people can use as one the tools of credit, research, technical aid, electrification, educational services, marketing, and assistance in cooperative efforts.

The time is past when land can be idled. Instead, land can be put to paying use for the production of grass, trees, and outdoor recreation to meet the needs of all Americans.

The time is past when America can afford a single use for any acre if that acre can be put to multiple-use, just as the National Forests are producing timber, water supply, forage, wildlife and recreation -- all at the same time.

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And the time is past when it's even valid to ask, "Can rural America be revitalized?"

Rural America is being revitalized now.

It is happening where local people take the initiative, as they did in the Pojoaque-Santa Cruz Soil and Water Conservation District in northern New Mexico.

This district had about all the land and water problems there are -- erosion, flood, sediment, and drought.

Except for narrow strips of irrigated land along the streams, the area is steep and cut by deep washes. The dry foothill range lands had been heavily grazed by sheep, cattle, and horses. Flash floods from the hills into the narrow valleys damaged irrigation systems.

The problem was compounded by the fact that seven-eighths of the land is publicly owned or managed. A single farmer or rancher often was a user, by lease or permit, of lands administered by as many as three different public agencies, in addition to a lease on private land.

In 1951 the district supervisors mobilized the services of the Forest Service, the Bureau of Land Management, the Bureau of Indian Affairs, the National Park Service, the Soil Conservation Service, the State Land Commission, and the State Department of Game and Fish.

Together they worked out a unified program for the wise use of public and private land. They decided to tackle their problems the way nature had packaged them -- on a small watershed basis.

As needed, conservation cost-sharing help came from USDA's Agricultural Stabilization and Conservation Service. They had credit aid from the Farmers Home Administration. These programs meshed with technical help from the Soil Conservation Service, the range and watershed management work of the Forest Service on the Santa Fe National Forest, and the improvement of other public lands by the Department of Interior and the State of New Mexico.

The district supervisors got additional help when they sponsored the Santa Cruz Small Watershed Projects. Dams to retard flood water or to stop the flow of sediment are being built where they are needed -- some on public land and others on private land. The range lands are better managed and better protected -- producing much more forage for livestock and wildlife. An area of spectacular gullies -- a veritable badlands type of erosion -- is being healed by grass as a result of the management program.

All this -- and much more -- began when local people took the initiative to combine public and private resources to solve mutual problems.

And the unified program is gaining speed. A new watershed project, in the Pojoaque Valley, is being planned with USDA help.

The people of Santa Fe, just south of the district, are supporting the program, too. Less than a month ago, The New Mexican published in

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Santa Fe said editorially: "Last year the property owners . . . in the Santa Cruz valley protected themselves from a substantial amount of flash flood and erosion damage This year, residents of the Pojoaque valley are setting up a similar program. We're 100 percent for them."

And the local people also are looking far into the future. Less than a month ago, the district supervisors completed a new, forward-looking district program. They took into account all the new programs that will aid them with rural areas development. They included outdoor recreational development to help meet one of today's greatest needs of all Americans. This new district program now becomes the basis for continued cooperation of the people of Pojoaque-Santa Cruz district and the Department of Agriculture.

But that isn't all. More and more people in the area are receiving central station electric service through the Jemez Mountains Electric Cooperative at nearby Espanola. With loans totaling more than eight and a quarter million dollars from USDA's Rural Electrification Administration, the cooperative is serving about eight thousand consumers. Nearly \$1,900,000 in principal and interest has been paid back.

Pojoaque-Santa Cruz District is not an isolated case.

Throughout rural America, local people are directly involved in seeking common objectives for their communities and areas.

More than 50,000 rural and small-town people are members of over 1,500 rural areas development committees. They already have prepared 2,700 development project proposals, and have started 900 of them.

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There is no better place to see -- and to feel -- the upswing in the countryside than with the family in a new rural home.

Time and again we have seen fears disappear and confidence reappear as the Department has helped rural families to finance 6,200 new homes since the Housing Act of 1961 was passed. The effect also is electrifying on the community. The building of a new home is proof that someone has confidence in the community's future as a good place to live, to work, and to bring up a family.

And the effect goes far beyond the community. It is like a pebble dropped into a still pond. Rural construction creates jobs and extra buying power for carpenters, electricians, bricklayers, and others. It provides an additional market for building materials and appliances -- a market that helps to buoy the urban economy.

This is extremely important, for we are an interdependent people -- rural, suburban, and urban. Revitalization of the countryside will be speeded by a strong and vigorously growing urban economy with the means to buy the goods and services, including outdoor recreation, produced in rural areas.

And each region is an integral part of the whole.

This regional conference was arranged to give you full opportunity to review with each other, and with us, the problems of the Great Plains States and the resources -- both human and physical or material -- for solving these problems.

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I urge each of you to participate in one of the four discussion groups. We are eager to have your answers to the questions to be propounded at these group sessions.

You have an opportunity to be heard on matters of vital concern to rural development and conservation in your region.

We are here to listen, and to learn. We want your suggestions for improving the Department's services for conservation and development.

To make the services of the Department more effective, I have reorganized it to place under one leader -- the Assistant Secretary for Rural Development and Conservation -- The Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Office of Rural Areas Development, the Rural Electrification Administration, and the Soil Conservation Service. This is a grouping -- a packageing -- of important development and conservation services to enable the Department to help you more effectively.

In making these and other changes in the Department, I have sought the advice of almost countless rural leaders. I have worked closely with members of Congress.

And I am happy to report to you today that the Congress has provided new and important tools for your use in revitalizing the countryside.

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Some of these are in the Food and Agriculture Act of 1962, which President Kennedy signed less than two weeks ago.

Some are in the Senior Citizens Housing Act of 1962, also just approved by the President. USDA's Farmers Home Administration is now authorized to make loans to provide low and moderate cost rental housing and related facilities for elderly persons and families in rural areas.

Other new tools are in the Public Works Acceleration Act which the President signed into law in mid-September. This Act's purpose is the immediate creation of new jobs in financially hard-pressed rural as well as urban areas.

The Department of Agriculture has a massive backlog of work projects ready to provide new jobs and economic upswing in rural areas eligible for help under the Accelerated Public Works Program, in virtually every State.

Some of the projects ready for operation are Federal. These are in the National Forests, in soil conservation districts, or for the Agricultural Research Service.

Some are cooperative projects with State and local governmental subdivisions. Local cost-sharing or matching of Federal funds is required for these projects. Scores of multi-purpose dams in Small Watershed projects sponsored by local agencies in cooperation with the Soil Conservation Service could be included. So could State-Forest Service cooperative projects, including protection of forested areas from fire, insects, and diseases.

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USDA is working closely with the Department of Commerce, which administers the Accelerated Public Works Program, in getting rural projects started immediately. USDA already was working with the Department of Commerce in carrying out the Area Redevelopment Act in eligible rural areas.

The Food and Agriculture Act of 1962 gives the Department authority to aid rural people in new long-range programs for putting the land we don't need for crops into new and profitable uses, including a great expansion of outdoor recreation for all Americans.

Permit me to briefly describe some of these new authorities.

USDA now can enter into agreements up to 10 years with farmers and ranchers to carry out long-range conservation plans. These agreements will provide for cost-sharing and other help for changes in cropping systems and land use, and for development of soil, forest, wildlife and recreation resources. This includes land on which conservation reserve contracts are expiring.

The Department has authority to assist State and local public agencies designated by the Governor or the State Legislature to carry out land use plans. Federal loans, repayable within 30 years, can be made to the designated State and local agencies.

In Small Watershed Projects, the Department now may share with agencies of the State up to one-half of the cost of land, easements, and rights-of-way for reservoir or other areas to be managed by State and local agencies for public recreation. Cost-sharing also may be made available for providing sanitary and other facilities needed for recreation. State fish, wildlife, and park agencies

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are eligible for help. So are counties, municipalities, and special purpose districts created by or under provisions of State legislation.

The Department may now advance funds to local organizations for immediate purchase of lands, easements, and rights-of-way to prevent encroachment of other developments in Small Watershed Projects. These funds would have to be repaid with interest before construction is started.

The Department now may aid local organizations in developing water supply for future use in Small Watershed Projects. USDA can pay up to 30 percent of the total cost of a reservoir to store water for future municipal or industrial use. Repayment and interest charges may be deferred up to 10 years if the water stored for future use is not used during that period. Repayment with interest will begin as soon as the water is first used.

All these and other watershed act amendments are applicable to the 11 watersheds, such as the Washita River Flood Prevention Project in Oklahoma, authorized under the Flood Control Act of 1944.

For the first time, the Department through the Farmers Home Administration can make loans to individual farmers for development of outdoor recreation. The owner-operator of a family-size farm may borrow up to \$60,000 for construction of fish ponds, development of hunting preserves, construction of cabins, picnic and camping areas, and other facilities for outdoor recreation. The borrower may have up to 40 years to repay the loan at five percent interest.

Operating loans up to \$35,000 also are available to owner-operators and to farm tenants for operation of recreational facilities. These loans are repayable in seven years at five percent interest.

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FHA also may make loans up to \$1 million dollars to aid associations serving farmers and other rural families to make changes in land use, including the development of recreational facilities.

With these new tools, the Department can assist you and your local agencies in planning and carrying out Rural Renewal Projects, Resource Conservation and Development Projects, Watershed Recreation Developments, creation of water supply for future needs, projects for expanding grasslands and family forests, and for the development of outdoor recreation facilities on farm land.

The Department looks to local people to initiate, to plan, and to carry out these projects in cooperation with local and State agencies, just as it does in its long-established conservation and development programs for other privately-owned land.

The ultimate success of rural areas development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them.

The Federal Government can provide incentives and technical services, but government cannot and should not do the job for local people. Government cannot and should not control all the land-use activities of its citizens. The government has programs and resources that will help them. But any community -- any area -- that waits for government to pull it out of the problems caused by change and shifting economic and social patterns will be submerged.

The challenge, then, is to the leadership of the people of this great country side of ours. Countless thousands of people, living up to the tradition born in rural America of local effort to meet local problems, have already accepted the challenge. They have sound experience and notable achievements to back them in this effort. Local leadership has demonstrated its worth in farmer committees electric

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and other cooperatives, in soil and water conservation districts, in rural areas development committees, as well as in scores of organizations in our towns and villages. A united and coordinated effort of all these forces will insure the future of rural America.

I should like to conclude by pointing out that our program for strengthening rural America is an integral part of our program for Food and Agriculture in the 1960's. The heated debate over controversial supply management features of the Food and Agriculture Act of 1962 obscured the great advances authorized in the Act for conservation and development -- advances that drew quiet but strong support from conservation leaders in all fields and at all levels, rural and urban. But the goal of strengthening the income of the family farm, by means of adjusting production to amounts that can be used, is inseparable from the goal of strengthening rural America.

We seek increased efficiency on our farms, and we would further this goal by helping farmers to acquire and operate more efficient farming units; but along with this we seek farm programs that will enable the farmer, as well as the consumer, to benefit from this increased efficiency.

We seek, therefore, to manage our abundant productivity, not by idling land, but by putting it to use to provide services such as recreation that are in increasingly scarce supply.

We repudiate the C.E.D. proposals to use poverty as a weapon to accelerate the migration from our farms, and to replace a surplus of wheat and corn with a surplus of men and women.

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Instead, we can provide, in rural America:

-- a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities;

-- opportunities for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas;

-- decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities;

-- communities that can provide health, education, and other public services equal to the best that we know how to provide;

-- resources of outdoor recreation of all kinds and in sufficient supply to meet the needs of our growing urban population;

-- the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation, and will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.

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1962- The farm programs enacted in 1961 and 1962 have made this Congress the best for agriculture in three decades.

*Farm income is up over 1 billion dollars from 1960 to an 8-year high.

*Surpluses of feed grains and wheat -- the two most troublesome commodities of the 1950's -- are under control and are going down. By the mid 1960's they should be nearly gone. The success of the feed grain programs in 1961 and 1962 has exceeded our most optimistic hopes, and will, with a favorable signup for the 1963 program, reduce carryover by the end of the 1963 crop year to near desirable levels.

The feed grain situation in 1964 will be entirely different from the conditions we found in 1961. In addition to the removal of surpluses, the discredited Benson program which created the 1961 conditions is now gone. This means that we can consider a wider range of alternative programs than was possible under the conditions of ever increasing surpluses. We can give more serious consideration to voluntary programs as a means of balancing supply with demand.

These steps taken over the past two years represent solid progress toward the goal of parity of income for the farmer. The removal of surpluses in grain will further strengthen the ability of the family farm to achieve this goal.

Comment of Secretary of Agriculture Orville L. Freeman at a News Conference
Thursday, Oct. 11, 1962, Washington, D.C., 2 p.m. (EDT)

*Food prices have remained stable, rising only as much as the overall cost of living.

*The first basic change in farm policy direction since the 1930's was taken by the Congress with the recognition that rural community problems as well as farm commodity problems should be considered in developing farm legislation.

The response to this new policy direction with its programs for land use and rural development has been extraordinary. Over 80 percent of the mail coming to the Department on the new farm legislation is on these programs.

More significant, the series of Land and People conferences across the country have been highly successful. Bankers, small town merchants, conservation groups, Chambers of Commerce, farmers, educators and women's organizations have been represented at three conferences held thus far. They have been very well attended.

It indicates that the centering of public attention on farm commodity problems has hidden a problem which rural people recognized long ago, but were frustrated in trying to meet with only local resources.

The conferences are helping rural community leaders identify programs which they can use to initiate local projects to create new economic growth. They contribute to a growing realization in rural America that the government is moving actively on a broad front to wipe out rural poverty. Over 50 percent of the families who live in poverty reside in

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rural areas where only a third of the people live.

Farmers want to find out how recreation can be harvested as profitably as crops. Rural towns want to build water and sewage systems in order to develop new industry. Community leaders want to learn about loan programs to develop new industry. Farm families and families in rural towns want to build new homes and repair old ones. Senior citizens want to build new homes. Church groups want to build modern rest home facilities in rural areas. Metropolitan groups want to know more about developing hunting areas and recreation sites for weekend trips.

These are some of the kinds of projects which will provide new resources to the farmer and rural community -- and which are possible as a result of the farm programs enacted in 1961 and 1962. They fill a long ignored need in rural America.

The conferences also make clear that these projects can become effective only when local initiative is taken by local leaders. We can do nothing if the local community does not want to help itself. It will require an outpouring of local initiative and drive if the rural development programs are to succeed.

The initial response is an optimistic sign that they will succeed.

The threat to rural America is not scientific and technical progress, but the failure to direct the changes growing out of that progress to meet the real needs and wants of all the people of this nation.

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We know that scientific and technical progress will continue. Yesterday, I learned that the efforts to develop a hybrid wheat have been successful. Scientists who have been conducting experiments at the University of Nebraska made a significant breakthrough this year and now can predict that commercial hybrid wheat is a certainty.

While no one can predict what this development will mean in terms of increased yields, of wheat, we do know that the development of hybrid corn and grain sorghum produced increases of 20 to 25 percent.

Thus, in 1962, agriculture has achieved a significant scientific breakthrough and a significant policy breakthrough. We know that farm policies can be devised to manage the abundant productivity of agriculture so that efficient family farms can produce a decent income. We also can begin to offer farmers and rural residents the opportunity to raise their level of living through farm and non-farm work, or some combination of the two, in the communities where they prefer to live.

Let me describe some of the tools by which this can be accomplished:

*Loans and grants under the Area Redevelopment Act to encourage the development of new industry, community facilities and retraining programs in rural areas through the Rural Areas Development agency.

*Increased appropriations for forest research and development, soil conservation work and for farm operating and housing loans.

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*The new Public Facilities act which provides for stepped up programs in developing community water and sewage facilities, expanded watershed programs and soil conservation district projects.

*Cost-sharing agreements of up to 10 years with farmers and ranchers for changes in cropping and land use systems to develop forest, wildlife and recreation resources.

*Long term loans to state and local agencies designated by the Governor to develop rural renewal projects similar in purpose and scope to those renewal programs for urban areas which are blighted and poverty stricken. Loans exceeding \$250,000 will be first approved by committees of the Congress.

*Cost-sharing on small watershed programs for up to one-half the cost of land, easement and rights-of-way on reservoirs and other areas to be managed for public recreation. Cost-sharing is available for sanitary facilities, beaches, parking areas, camping and picnicking sites, trails, roads, and electric, boating and other facilities.

*Funds may also be advanced to local groups for immediate purchase of land, easement and rights-of-way on watershed reservoirs to prevent encroachment of other development. Advances will be repaid with interest before construction starts.

*Loans to local organizations to develop industrial and community water supply for future use in watershed projects.

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*Loans to individual farmers -- up to a \$60,000 maximum -- to develop outdoor recreation facilities. This includes construction of fish ponds, development of hunting preserves, cabins, picnic and camping sites.

*Operating loans to individual farmers for recreational facilities.

*Long-term loans to residents of rural communities to buy, build or modernize homes through the Housing Act of 1961. Previously, only farm owners could obtain such loans.

*Long-term housing loans to farm and rural residents who are 62 and over to build, buy or modernize homes, and enable them to stay in the community where they have lived through the Senior Citizens Housing Act of 1962.

*Long-term insured loans to private nonprofit groups such as consumer cooperatives, church groups and local public agencies to build low-cost rental housing for senior citizens.

*Loans and grants in designated rural counties to help communities finance new industry, construct public service facilities and provide training programs to teach new skills to people.

*Low interest loans to Rural Electric Cooperatives to help finance loans to new or expanding industry using electrical services of local REA cooperatives.

15, 1962 I deeply appreciate the privilege of being with you tonight because it gives me an opportunity to exchange ideas with you on a subject of direct concern to every American. I want to talk with you about the significant relationship that exists between the problems faced by American agriculture and our common hope of progress toward a world of freedom and peace.

Of all the world's people, none is more justly renowned for sincere devotion to the ideals of freedom and peace than the Jewish people. Your ancestors have sought these goals down through the centuries in a long, long struggle against enslavement, discrimination, and prejudice. And no doubt it is because the memory of this long and painful struggle lies deep in your hearts that devoted and self-sacrificing Jewish citizens have done so much to promote freedom, peace, and progress in America from the time of the Revolution to the present. It would take far too long even to scratch the surface of the list of their achievements. Let me simply say that all over America today there is a vast respect for such names as Lehman, Baruch, Cardozo, Brandeis, Frankfurter, Einstein, and many others.

I should like to explain my conviction that there is a significant relationship between our hope for progress toward these ideals of freedom and peace and the problems faced by American agriculture.

Let me begin by pointing out one of the most significant aspects of this relationship.

Excerpts from talk by Secretary of Agriculture Orville L. Freeman before
Brotherhood of Temple Israel, Los Angeles, California, October 15, 1962.

The causes underlying the American farm problem today are numerous, complicated, and interrelated. But the fundamental underlying factor is that we have not yet learned to live in the age of abundance that is on us. So abruptly have we passed from an age of scarcity to an age of plenty that we have been unable either to realize the full impacts of this new situation or to adjust our institutions to it. Our rate of advance in agricultural productivity is as yet unmatched by commensurate advances in our social, political, and economic engineering.

If and when we learn to live in the age of abundance -- using abundance wisely and effectively -- directing our abundant productive potential to the benefit of all men -- then abundance will be truly an unmixed blessing rather than the difficult mixture of problem and promise that it is today. And when and if that happens, there is good reason to hope that the age of abundance can and will bring the long-sought age of freedom and peace much closer.

Now,
/ we are all more or less familiar with the problems of abundance -- problems expressed in terms of low income for farmers -- high costs of farm programs to taxpayers -- vast surpluses of some farm commodities -- a serious waste of human and economic resources -- all adding up to a present-day crisis in rural America.

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The total per capita personal income of the farm population last year was only \$1,373. This was almost \$1,000 less than the \$2,345 averaged by our nonfarm people. And this is true despite the fact that total realized net farm income last year was 10 percent higher than in 1960 and the highest in eight years.

The disparity between farm and nonfarm income, the high costs of farm programs, the huge surpluses, the waste of labor, land, and machinery involved in over-producing agricultural commodities are components of a story that has been told and retold. But what has not yet been clearly outlined for the American people is the full extent of the crisis in rural America. This crisis is seen in the deterioration of thousands of small towns -- and in the migration of a million persons away from farms and rural areas every year, because they are deprived of so many of the basic opportunities which we like to think are available to all in twentieth century America.

Rural people lack educational opportunities. Half of our urban people 25 years of age or older have had more than 11 years of formal education. By comparison, the median figure for the rural nonfarm population is 9.5 years of formal schooling and for farm people it is only 8.8 years. In other words, half of the people in the cities have had more than three years of high school, whereas half the people on farms have had little more than grade school.

Rural people lack job opportunities. Underemployment in the rural areas is so great that it is the equivalent of around four million unemployed.

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Rural people lack decent living opportunities. More than half of the poverty in America is in rural America.

Do not think this is a threat only to those directly involved. It is a threat to the entire nation. If no man is an island, certainly no group can be one. If as John Donne wrote "any man's death diminishes me, because I am involved in Mankinde," then surely if the bell tolls for rural America it tolls also for urban America.

In a free and interdependent society, each group has responsibilities to society as a whole. Agriculture is discharging its responsibilities with immense success. Although we have fewer people on farms today, and fewer persons engaged in agriculture than at any time since the Civil War, they produce an overabundance of food and fiber for a national population of 185 million, plus the biggest farm exports in history. One American farmer now provides food and fiber for 27 persons, and American consumers buy better food for less relative cost than consumers anywhere else in the world have ever done at any time.

But the nation also has responsibilities to agriculture. Surely these responsibilities are not being properly discharged when agricultural output increases by one-fifth but agricultural income falls by one-fifth as it did between 1952 and 1960. Nor are these responsibilities adequately met when rural America is steadily devitalized as it has been in the recent past.

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In the interests not only of agriculture and rural America, but of the whole nation, what has been needed is a truly complete, comprehensive, unified, and organized program of agricultural and rural policy.

The nation does not fulfill its responsibility to farm and rural America by a continual patching up of old farm programs.

Over the past decade, while conditions both in and outside of agriculture changed with startling rapidity -- world conditions, as indicated by the unrest existing in so many scattered quarters of the globe -- scientific conditions, as indicated by the explorations in space -- industrial and marketing conditions, as indicated by the emergence of the Common Market in Europe -- agricultural conditions, as indicated by the doubling of man-hour productivity during the 1950's -- farm and rural policies and programs to meet these new conditions advanced very little.

The nation needed new policies designed really to strengthen the farm and rural economy. It needed to begin to bridge the gap between agricultural, industrial, scientific, and world conditions as they exist today and public policy which has lagged far behind.

Such policies have been provided by the new legislation of 1961 and 1962. This Congress -- especially the second session -- initiated the first new direction in farm policy since the 1930's. We now have in the Agricultural Act of 1962 a clear public recognition that farm policy must take account not only of farm commodity problems but also of rural community problems.

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This is vastly important to all people in America. A revitalized rural America will contribute to a stronger and more vigorous urban economy and this in turn will provide a market for the goods and services, including outdoor recreation, produced in rural America.

In our plans for new opportunities in rural areas a good deal of emphasis is being placed on recreation facilities. Today, Americans are seeking the outdoors as never before -- but their demands for outdoor recreation will triple again by the end of this century.

Most public recreation areas are located where people are not. One-sixth in Alaska -- three-fifths in the West, where only 15 percent of the people live. The Northeast, with one-fourth of the people, has only 3 to 4 percent of the publicly-owned, non-urban recreational areas.

Multiple-use of privately-owned land, as well as public land, can unlock the great outdoors to millions of Americans. Vacation farms, picnicking and sports centers, fishing waters, camping and nature recreation areas, hunting areas, hunting preserves -- all add up to a new dimension for economic growth in rural America.

Rural revitalization, of course, must go on over an extremely broad front. It involves the building of stronger family farms by helping the families on these farms adapt themselves to the new era of abundance. It involves the resurgence of a mixed town and country economy -- part agricultural, part industrial that will create thousands of new job opportunities. It involves the provision of educational opportunities for the training and retraining of rural people in those arts and skills required to take advantage of opportunities in both rural and urban communities.

Many new tools have been provided to help farmers and people in rural towns develop their income opportunities. They include:

Cost-sharing agreements of up to 10 years with farmers and ranchers for changes in cropping and land use systems to develop forest, wildlife, and recreation resources.

Cost-sharing on small watershed programs for up to one-half the cost of land, easement, and rights-of-way on reservoirs and other areas to be managed for public recreation. Cost-sharing is available for sanitary facilities, beaches, parking areas, camping and picnicking sites, trails, roads, and electric, boating and other facilities.

Loans to individual farmers -- up to a \$60,000 maximum -- to develop outdoor recreation facilities. This includes construction of fish ponds, development of hunting preserves, cabins, picnic and camping sites.

Operating loans to individual farmers for recreational facilities.

Loans and grants in designated rural counties to help communities finance new industry, construct public service facilities and provide training programs to teach new skills to people.

Low interest loans to Rural Electric Cooperatives to help finance loans to new or expanding industry using electrical services of local REA cooperatives.

Low interest loans to those over 62 in rural areas to buy or build new homes or modernize old ones. Included in this is a loan program for non-profit groups -- such as religious organizations -- to build modern rest home facilities in rural towns.

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We have, we believe, laid the groundwork to provide in rural America a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities.

Such a rural America will add to the economic strength of the nation, and will continue to make invaluable spiritual and social contributions to our national life.

Thus we are advancing toward a fuller use of the potential of the age of abundance. This has meaning far beyond our shores. The age of abundance, once firmly established here, will spread to other lands, and in so doing can bring the age of freedom much closer to reality.

Human slavery, with all its injustice, exploitation and misery, was basically the product of an age of scarcity. Much of the prejudice and animosity that smother and stifle the spirit of freedom and peace in the minds of men today is the produce of poverty, want, and economic insecurity. Much of mankind's failure to extend freedom of opportunity to all men of all races and creeds is attributable to the fear that there will not be enough opportunity to go around -- the fear on the part of some who think they have some little advantage, that seems too little as it is, that if they share the opportunity they will lose an advantage they need.

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Throughout history, men have built up walls of prejudice against other men in order to justify to themselves the enjoyment of more material goods than their neighbors. Throughout history, clans, tribes, and nations have fought wars to gain material resources necessary for existence. Throughout all of human history the spectres of cold, hunger, and want have driven men to fight, to exploit, and to suppress other men, in a life-and-death competition for the physical, material needs that seemed too scarce to go around.

I do not mean to say that if and when the world learns to produce and distribute material goods in sufficient supply to meet all human needs we will have an end to prejudice, to discrimination, or to war. No human problem is that simple. But I do say that the right use of abundance offers us a tremendous opportunity and a great challenge to remove a major roadblock in the way of freedom and of peace.

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15, 1962 I am happy to be in the Crescent City. So much good soil from Minnesota has come down the Mississippi River to New Orleans that I would have felt quite at home here, even without the warm welcome you gave me for which I am grateful.

We are here because we are concerned for the future of rural America.

Political philosophers, poets, and historians have rightly sung the praises of rural America. They have told us of the basic qualities that made our land great -- the initiative, the independence, the dedication to the ideals of democracy, the pioneering courage that overcame tremendous obstacles, and the vision to aspire to a future of limitless possibilities. They told us how these qualities grew, flourished, and bore fruit on farms and ranches and in small towns as America grew.

This rural America now faces a period of serious crisis -- a crisis brought about by the same technological and scientific progress that made American agriculture the productive miracle of the world.

But let me make it perfectly clear that the real threat to rural America does not lie in scientific and technical progress itself. The real threat lies in the failure to direct the changes growing out of that progress to meet the real needs and wants of all the people of this nation. And the health of the entire nation, not merely that of the countryside, will be seriously threatened if we fail to preserve and advance the real values of the past as we adopt and make use of the potential for the future.

Address by Secretary of Agriculture Orville L. Freeman keynoting regional Land and People Conference, Loyola University, New Orleans, La., October 15, 1962, 10:00 a.m. (CST)

This threat is very real, and very serious. Its reality is illustrated by the cold facts of what has happened to rural America in our generation. I will point out some of these facts a little later. Its seriousness is demonstrated when an organization as distinguished as the Committee for Economic Development proposes to solve the farm problem by cruelly depressing farm income to the point where a mortal blow would be inflicted upon the small cities, towns, villages and farms that, together, make up rural America.

The CED would thus attempt to solve a problem of surplus grain by substituting for it an infinitely more serious problem of surplus human beings!

We are unalterably opposed to this approach.

Instead of the CED program of deliberately using poverty to drive people off the farms, we seek to end rural poverty by building new resources in the country.

Instead of the CED program to idle our great land resources because they now produce more food than we can use, we seek to redirect those resources to meet critical and growing scarcities that exist in our society.

Instead of using rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job-seekers, we strive to develop in rural America new economic opportunities that will offer to the men, women, and children of our cities opportunities to fulfill one of this Nation's most pressing and urgent demands.

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These are some of our goals for rural America. In order to approach this task within a framework of understanding that will enable us to choose the best programs directed toward these goals, I am asking you to review with me: First, the size and shape of rural America; second, some of the facts today that clearly warn us of the imminent threat to our rural economy; and, third, some of the programs we are developing to avert this threat by expanding opportunity and encouraging new growth.

Let's take a look at rural America today.

Two out of every five Americans today live in areas that are essentially rural in their nature. Some live on farms. Others, in towns and small cities, draw their economic lifeblood from the countryside and are also a part of rural America. Thus 76 million people are directly concerned with the danger signals that threaten rural America, and all Americans are indirectly involved.

What are these danger signals, and how have they come about?

In the first place, it is important to recognize to what extent our growth in population reflects increasing urbanization. From 1950 to 1960, population increased greatly in city and suburban areas. The population of most towns under 2,500 declined. Farm population dropped by one-third -- from 23.1 million to 15.6 million. On the average, at least a million people left the farm every year through the 1950's.

Many small farmers gave up, or turned to whatever nonfarm work they could find in order to remain in rural America. In 1959, families on the

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2.9 million farms producing less than \$10,000 in gross marketings got 73 percent of their cash income from nonfarm sources.

Even with many fewer people to divide farm earnings, per capita personal income of the farm population was \$1,373 last year, or only 59 percent of the \$2,345 for the nonfarm population.

And this was true despite the fact that total realized net farm income was 10 percent higher in 1961 than in 1960, and the highest in eight years.

With its major economic mainstay in trouble, rural America began to slide backwards. And today we see these results:

More than half of the poverty in America today is in rural America.

Rural people lack educational opportunities. The median number of years of formal education is 8.8 for farm people and 9.5 for rural non-farm, as compared with 11 years in urban areas.

Rural people lack job opportunities. Underemployment in the rural areas is so great that it is the equivalent of around four million unemployed.

This has happened in a countryside which has produced an abundance of food and fiber never before seen in the world -- where one farm worker feeds and clothes 27 people.

This has happened in the United States of America -- the richest, most vigorous and dynamic society in the world.

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The sound and the fury over the management and use of agricultural abundance has too often obscured the plight of people and the plight of rural communities. Concern has centered on commodities -- instead of communities.

But we are here today because our concern -- yours and mine -- is for people and their communities.

Change, inexorable though it is, can be shaped to work for people -- not against them. This means a two-pronged attack on the problems of agriculture. We must manage our abundant productivity in order that the really efficient family farm can produce a decent income; and, second, for those now living on farms that cannot be operated efficiently, we must offer opportunities to raise their levels of living by means of both agricultural and non-agricultural pursuits, or some combination of the two, as far as practicable in their own communities where they prefer to live.

It is utterly inconceivable to me to think that in the American society there is a lack of resources, a lack of ingenuity, or a shortage of determination to revitalize rural America.

What basic resources do we have with which to strengthen rural America?

First, we have tremendous human resources. You and thousands of others are serving in hundreds of local, State, and regional planning and action institutions or committees -- both public and private

Second, we have abundant natural resources in our land, water, forests and wildlife. Nearly three-fourths of all land in the 48 contiguous

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States is in private ownership. Here is the source of our abundance of food and fiber, and 69 percent of our commercial forests. Privately owned land, together with the National Forests and other public land, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.

Third, we have programs to enable people to conserve, use, and develop the land and water resources -- a whole galaxy of action programs authorized by the Congress, by the States, and by local government. In an all-out effort to improve and strengthen these programs, the USDA is emphasizing rural areas development.

Rural areas development is a blending of all available programs for a broad-gauge, long-range simultaneous attack on all the problems of rural America.

It is a coordination of programs involving conservation, credit, industrial development, recreation, education and other public services.

The time is past when each program goes down a separate path. The time is here when local people can use as one the tools of credit, research, technical aid, electrification, educational services, marketing, and assistance in cooperative efforts.

The time is past when land can be idled. Instead, land can be put to paying use for the production of grass, trees, and the establishment of factories and business enterprises to meet the needs of all Americans.

And the time is past when it's even valid to ask, "Can rural America be revitalized?"

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Rural America is being revitalized now.

It is happening where local people take the initiative, as they did in the Smith County Soil Conservation District of Tennessee.

The Smith County story started when the farmer-supervisors of the District decided that a large part of the land was better suited to grass and livestock than to row crops. They enlisted the help of all agencies of USDA working in the county. The electric cooperative worked with them. They had the support of Carthage's two banks, fertilizer distributors, farm equipment dealers, and other businessmen.

Next to soil and water, grass is Smith County's biggest agricultural asset today. It is the county's number one crop -- the foundation of the new livestock industry. Corn and tobacco are still grown -- but on the soils best suited to row crops. And yields are up. Where corn used to produce 10 to 20 bushels an acre, the harvest is now 60 to 100 bushels to the acre.

Farm sales climbed 24 percent between 1954 and 1959. Crop sales were up 11 percent. But sales of livestock and livestock products jumped a whopping 35 percent. And I'm told the upswing is continuing.

New homes were built. Others were modernized.

Retail sales rose 9 percent between 1954 and 1959 -- and are still going up, I hear. Bank deposits, farm equipment sales, and fertilizer sales are up. One distributor reported he sells four times as much fertilizer as he did five years ago.

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These are the kinds of results that come when local people take the initiative, put their land and water resources to their best uses, and blend the various programs of USDA into one program for revitalizing the countryside.

Smith County people used the technical help of the Soil Conservation Service, the credit services of the Farmers Home Administration, the conservation cost-sharing of the Agricultural Stabilization and Conservation Service, and the credit aid of the Rural Electrification Administration. They used the help of State and local agencies. They had the educational services of the Cooperative Extension Service.

Smith County Soil Conservation District is not an isolated case. It is one of more than 2,900 locally-governed soil and water conservation districts covering 96 percent of the Nation's farms.

Throughout rural America, local people are directly involved in seeking common objectives for their communities and areas.

More than 50,000 rural and small-town people are members of over 1,500 rural areas development committees. They already have prepared 2,700 development project proposals, and have started 900 of them.

Varied land use, and multiple use, are terms we are hearing used more often as farmers seek to find new ways to increase their income and maintain their family farm and their way of life.

A story the other day was headed "75,000 minnows per acre," and it was a farm story. Three farmers in southern Arkansas have made a profitable

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business out of raising "golden shiner" minnows in ponds developed on their farm.

They raise from 60,000 to 70,000 golden shiners an acre in an area where the average yield of cotton is only about half a bale to the acre. They sell brood shiners as well as all sizes for fishermen. They built their first pond 12 years ago, now have 35 holding and rearing ponds.

There is no better place to see -- and to feel -- the upswing in the countryside than with the family in a new rural home.

Time and again we have seen fears disappear and confidence reappear as the Department has helped rural families to finance new homes. The effect also is electrifying on the community. The building of a new home is proof that some one has confidence in the community's future as a good place to live, to work, and to bring up a family.

And the effect, like a pebble dropped into a quiet pond, goes far beyond the community.

Just one example. Last year the Farmers Home Administration financed 28 new rural homes in Marshall County, Alabama. Construction provided 37,000 hours of employment. County, State, and Federal tax revenues were increased. State sales tax on the building materials amounted to nearly \$6,000. Of the \$195,000 in building materials bought, \$81,000 went for supplies produced or manufactured in the county. The remaining \$114,000 was for materials manufactured outside the county -- another buoying effect on the urban economy far beyond Marshall County.

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This is extremely important, for we are an interdependent people -- rural, suburban, and urban. Revitalization of the countryside will be speeded by a strong and vigorously growing urban economy with the means to buy the goods and services produced in rural areas.

And each region is an integral part of the whole.

This regional conference was arranged to give you full opportunity to review with each other and with us the problems of the Southeast and the resources -- both human and physical or material -- for solving these problems.

I urge each of you to participate in the group discussions. We are here to listen, and to learn. We want your suggestions for improving the Department's services for conservation and development.

To make the services of the Department more effective, I have re-organized it to place under one leader -- the Assistant Secretary for Rural Development and Conservation -- The Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Office of Rural Areas Development, the Rural Electrification Administration, and the Soil Conservation Service. This is a grouping -- a packaging -- of important development and conservation services to enable the Department to help you more effectively.

Congress has provided new and important tools for your use in revitalizing the countryside.

Some of these are in the Food and Agriculture Act of 1962, which President Kennedy signed last month.

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Some are in the Senior Citizens Housing Act of 1962, also just approved by the President. USDA's Farmers Home Administration is now authorized to make loans to provide low and moderate cost rental housing and related facilities for elderly persons and families in rural areas.

Other new tools are in the Public Works Acceleration Act which the President signed into law in mid-September. This Act's purpose is the immediate creation of new jobs in financially hard-pressed rural as well as urban areas. The Department of Agriculture has a massive backlog of work projects ready to provide new jobs and economic upswing in rural areas eligible for help under the Accelerated Public Works Program, in virtually every State.

The Food and Agriculture Act of 1962 gives the Department authority to aid rural people in new long-range programs for putting the land we don't need for crops into new and profitable uses through Resource Conservation and Development Projects and Rural Renewal Projects.

Permit me to briefly describe some of these new authorities.

USDA now can enter into agreements up to 10 years with farmers and ranchers to carry out long-range conservation plans. These agreements will provide for cost-sharing and other help for changes in cropping systems and land use, and for development of soil, forest, wildlife and recreation resources. This includes land on which conservation reserve contracts are expiring.

The Department has authority to assist State and local public agencies designated by the Governor or the State Legislature to carry out

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land use plans. Federal loans, repayable within 30 years, can be made to the designated State and local agencies.

With these and other authorities, the Department can help you with Rural Renewal Projects in severely disadvantaged areas where much of the land is not in its best use. Objectives of these projects would be to create conditions that will make these communities attractive to private investment, eliminate chronic under-employment, and open new vistas of opportunities.

Resource Conservation and Development Projects also can be locally initiated and locally sponsored. These projects will provide a framework for stepped up programs of conservation, development, and use of all land, water, and related resources.

Important new development tools also are available under the amended Watershed Protection and Flood Prevention Act. The significance of these new authorities is illustrated by the fact that 1,760 Small Watershed Projects are in operation, in planning stage, or in pending requests for USDA help. All told, these watersheds cover more than 125 million acres.

Congress recognized the opportunities these projects offer for development of future water supply for municipalities and industries.

USDA now is authorized to assist local organizations in developing water supply for future use in watershed projects in the same manner as the Department of the Army and the Department of the Interior under the Flood Control and Reclamation Acts.

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The Department of Agriculture can pay up to 30 percent of the total cost of a reservoir to store water for future municipal and industrial use. Repayment and interest charges may be deferred up to 10 years if the stored water is not used during this period. Repayments begin as soon as the water is first used.

The Department now may advance funds to local organizations for immediate purchase of lands, easements, and rights-of-way to prevent encroachment of other developments in Small Watershed Projects. These funds would have to be repaid with interest before construction is started.

Also, the Department now may share with agencies of the State up to one-half of the cost of land, easements, and rights-of-way for reservoir or other areas the sponsoring agencies will manage for public recreation.

All these and other watershed act amendments are applicable to the 11 watersheds, such as the Yazoo-Little Tallahatchie Flood Prevention Project in Mississippi, authorized under the Flood Control Act of 1944.

For the first time, the Department through the Farmers Home Administration can make loans to individual farmers for development of outdoor recreation. The owner-operator of a family-size farm may borrow up to \$60,000 for construction of fish ponds, development of hunting preserves, constructions of cabins, picnic and camping areas, and other facilities for outdoor recreation. The borrower may have up to 40 years to repay the loan at 5 percent interest.

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Operating loans up to \$35,000 also are available to owner-operators and to farm tenants for operation of recreational facilities. These loans are repayable in seven years at 5 percent interest.

The definition of farmers has been broadened to permit persons engaged in fish farming to qualify for FHA credit.

FHA also may make loans up to \$1 million dollars to aid non-profit associations serving farmers and other rural families to make changes in land use.

The Department looks to local people to initiate, to plan, and to carry out the newly authorized projects in cooperation with local and State agencies, just as it does in its long-established conservation and development programs for other privately-owned land.

The ultimate success of rural areas development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them.

The Federal Government can provide incentives and technical services, but government cannot and should not do the job for local people. Government cannot and should not control all the land-use activities of its citizens. The government has programs and resources that will help them. But any community -- any area -- that ~~waits~~ waits for government to pull it out of the problems caused by change and shifting economic and social patterns will be submerged.

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The challenge, then, is to the leadership of the people of this great countryside of ours.

I should like to conclude by pointing out that our program for strengthening rural America is an integral part of our program for Food and Agriculture in the 1960's. The heated debate over controversial supply management features of the Food and Agriculture Act of 1962 obscured the great advances authorized in the Act for conservation and development -- advances that drew quiet but strong support from conservation leaders in all fields and at all levels, rural and urban. But the goal of strengthening the income of the family farm, by means of adjusting production to amounts that can be used, is inseparable from the goal of strengthening rural America.

We seek increased efficiency on our farms, and we would further this goal by helping farmers to acquire and operate more efficient farming units; but along with this we seek farm programs that will enable the farmer, as well as the consumer, to benefit from this increased efficiency.

We seek, therefore, to manage our abundant productivity, not by idling land, but by putting it to use to provide economic products that are in increasingly scarce supply.

We repudiate the CED proposals to use poverty as a weapon to accelerate the migration from our farms, and to replace a surplus of wheat and corn with a surplus of men and women.

Instead, we can provide, in rural America:

-- a land of prosperous farms and thriving towns, where people may

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choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities;

-- opportunities for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas;

-- decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities;

-- communities that can provide health, education, and other public services equal to the best that we know how to provide;

-- resources for rural land uses of all kinds and in sufficient supply to meet the needs of our growing urban population;

-- the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation, and will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.

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OCT 24 1962

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6,1962 The 87th Congress gave the nation the best farm program since the 1930's, Secretary of Agriculture Orville L. Freeman said today in an address at California Polytechnic College in San Luis Obispo.

"This Congress -- especially the second session -- initiated the first new direction in farm policy since the historic Agricultural Act of 1938. We now have in the Agricultural Act of 1962 a clear public recognition that farm policy must take account not only of farm commodity problems but also of rural community problems.

"There is immense potential in the legislative authority we now have," the Secretary said. "It sets the stage for a better and more satisfying future not only for farm and rural people but for those in cities as well.

"American agriculture is today, as it always has been, the nation's most basic industry. America is strong and prosperous largely because one farm worker on the average produces enough food and fiber for 27 persons. The farmer's ever-growing efficiency has released the vast majority of our labor force from the necessity of tilling the soil and enabled us to build the greatest industrial structure that has ever existed anywhere in the world. Not only has the efficiency of the American farmer made it possible for our people to be the best fed, best clothed, and best housed people on earth -- it is also largely due to that efficiency that the United States stands foremost in the enjoyment of the many conveniences, appliances,

Excerpts from remarks by Secretary of Agriculture Orville L. Freeman at California Polytechnic College, San Luis Obispo, California, October 16, 1962, 3:30 p.m. (PST)

and living advantages which are the envy of all other nations.

"The American farmer could never have made this amazing record of progress had not the door of opportunity in agriculture been kept open down through the years.

"It is important that we remember this fact because today some well meaning people seem to have reached the conclusion that the only solution to the farm problem is to be found in a policy of drastic economic strangulation -- a policy that would slam shut the door of opportunity throughout agriculture and rural America."

A glaring example of this approach, the Secretary said, is the program advanced by the Committee for Economic Development. "The CED program is deliberately designed to close the doors of opportunity in agriculture. It proposes to use poverty to drive people off the farms. It would attempt to solve the problem of surpluses by substituting for it an immeasurably more serious problem of surplus human beings. If successful, it would inflict tragic hardships not only upon millions of farm people but upon additional millions in the small cities, towns, and villages, which together with our farms make up rural America.

"While it is highly doubtful that this approach would solve the problems of overproduction in the long run, there is no doubt but that it would intensify the problems of rural poverty. That is why we are unalterably opposed to it.

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"Which is better for America: Deliberately to use poverty to drive people off the farms -- or to seek to end rural poverty by building new resources in rural communities?

"Which is better: Deliberately to idle vast land resources -- or to redirect those resources to meet critical and growing scarcities that exist in our society?

"Which is better: To make of rural America a base from which to flood metropolitan centers with ill-prepared job seekers -- or to strive to develop in rural America job opportunities for its people plus the facilities for ourdoor recreation which are rapidly becoming one of the most urgent needs for people in the cities?"

The greatest long-range contribution of the Agricultural Act of 1962, Secretary Freeman said, is its recognition that the problems of rural poverty must be solved along with the problems of overproduction.

"For three decades the nation has been seeking to solve the problems of rural deterioration and rural poverty as though they were fundamentally and primarily caused by unbalanced agricultural production. This is not the case, and now, at last, in the Agricultural Act of 1962 the fact has been officially recognized.

"The Act gives us tools for dealing with feed grains and wheat, the commodities in most serious over-supply. But it does not rivet attention on commodity problems.

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"As a result of the two-pronged attack fashioned by Congress, the nation can begin to manage its abundant productivity so that the efficient family farm can produce a decent income. And we can begin to offer farmers and rural residents the opportunity to raise their levels of living through farm and non-farm work, or some combination of the two, in the communities where they prefer to live."

The Secretary outlined the new tools through which the Department's Rural Areas Development Program can assist farmers and people in rural towns to develop new income opportunities in rural communities and on land now producing crops which are not needed.

These include:

*Loans and grants under the Area Redevelopment Act to encourage the development of new industry, community facilities and retraining programs in rural areas through the Rural Areas Development agency.

*Increased appropriations for forest research and development, soil conservation work and for farm operating and housing loans.

*The new Public Facilities act which provides for stepped up programs in developing community water and sewage facilities, expanded watershed programs and soil conservation district projects.

*Cost-sharing agreements of up to 10 years with farmers and ranchers for changes in cropping and land use systems to develop forest, wildlife and recreation resources.

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*Long term loans to state and local agencies designated by the Governor to develop rural renewal projects similar in purpose and scope to those renewal programs for urban areas which are blighted and poverty stricken. Loans exceeding \$250,000 will be first approved by committees of the Congress.

*Cost-sharing on small watershed programs for up to one-half the cost of land, easement and rights-of-way on reservoirs and other areas to be managed for public recreation. Cost-sharing is available for sanitary facilities, beaches, parking areas, camping and picnicking sites, trails, roads, and electric, boating and other facilities.

*Funds may also be advanced to local groups for immediate purchase of land, easement and rights-of-way on watershed reservoirs to prevent encroachment of other development. Advances will be repaid with interest before construction starts.

*Loans to local organizations to develop industrial and community water supply for future use in watershed projects.

*Loans to individual farmers -- up to a \$60,000 maximum -- to develop outdoor recreation facilities. This includes construction of fish ponds, development of hunting preserves, cabins, picnicking and camping sites.

*Operating loans to individual farmers for recreational facilities.

*Long-term loans to residents of rural communities to buy, build or modernize homes through the Housing Act of 1961. Previously, only farm owners could obtain such loans.

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*Long-term housing loans to farm and rural residents who are 62 and over to build, buy or modernize homes, and enable them to stay in the community where they have lived through the Senior Citizens Housing Act of 1962.

*Long-term insured loans to private nonprofit groups such as consumer cooperatives, church groups and local public agencies to build low-cost rental housing for senior citizens.

Loans and grants in designated rural counties to help communities finance new industry, construct public service facilities and provide training programs to teach new skills to people.

*Low interest loans to Rural Electric Cooperatives to help finance loans to new or expanding industry using electrical services of local REA cooperatives.

Secretary Freeman noted that the volume of mail inquiring about rural development provisions of the bill is running at a daily rate of 300 letters -- comprising 80 percent of the mail on the new legislation.

"Farmers want to find out how recreation can be harvested as profitably as crops. Rural towns want to develop water and sewage systems in order to attract new industry. Community leaders want to learn about loan programs to develop new industry. Farm families and families in rural towns want to build new homes and repair old homes. Senior citizens in rural areas want to build new homes. Church groups want to build modern rest homes in rural areas for the aged. City organizations want to know more about developing

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hunting areas and recreation sites for weekend trips.

"Outdoor recreation has long lain deep in American tradition.

Today, Americans are seeking the outdoors as never before -- but their demands for outdoor recreation will triple again by the end of this century.

"Most public recreation areas are located where people are not. One-sixth in Alaska -- three-fifths in the West, where only 15 percent of the people live. The Northeast, with one-fourth of the people, has only 3 to 4 percent of the publicly-owned, non-urban recreational areas.

"Multiple-use of privately-owned land, as well as public land, can unlock the great outdoors to millions of Americans. Vacation farms, picnicking and sports centers, fishing waters, camping and nature recreation areas, hunting areas, hunting preserves -- all add up to a new dimension for economic growth in rural America."

The new legislation will further the substantial improvement in agriculture already won since 1960, the Secretary said. He cited the rise of farm income in 1961 to \$12.8 billion -- \$1,100,000 more than in 1960 -- the highest farm net income since 1953.

Net return per farm rose from \$2,960 in 1960 to \$3,360 in 1961.

Average hourly returns to farmers for labor and management rose from 83 cents an hour in 1960 to 99 cents.

Total agricultural assets, about \$200 billion at the beginning of 1961 were \$207 billion in 1962.

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"Aided by a vastly expanded Food for Peace Program and more vigorous market development activity, agricultural exports set a new record in 1961 and are on their way to another new high in 1962.

"Credit extended by the Farmers Home Administration to farmers and rural people has been more than doubled.

"Rural area development activity is now going on in 1,600 counties -- eight times as many as in 1960.

"Over 15 million children are now participating in the School Lunch Program -- almost $1\frac{1}{2}$ million more than two years ago.

"The Special Milk Program is now operating in 88,000 schools and other institutions -- 4,000 more than in 1960.

"The Food Distribution Program has been more than doubled and the pilot Food Stamp Program, which was tried out in eight test areas, is now being expanded to an additional 25 areas.

"Two years ago, some experts doubted that anything could be done about the feed grain surplus. But the success of the 1961 and 1962 feed grain program has been far greater than we had hoped. If the program for 1963 produces results even nearly as good, feed grain stocks by 1964 will be near the level needed for reserves. The surplus will be almost gone, And this is being done while boosting -- not breaking -- farm income.

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"Two years ago, the experts doubted that an answer could be found to the giant buildup in wheat. The fear of what would happen if this wheat surplus reached the market had immobilized constructive action.

"But as a result of programs in the Agricultural Acts of 1961 and 1962, we should have about half as much wheat in storage by the time the 1965 crop is marketed as we had in 1961 -- about the level needed for reserves. The wheat surplus will be nearly gone, and it will have been done while boosting farm income.

"The new legislation will enable us to continue these gains. It will do much to keep open the doors of opportunity in agriculture and rural America."

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FEB 19 1963

16, 1962
Yesterday, I did some rather high level market research. C & R-ASF

On the plane, as I was traveling from New Orleans to Los Angeles, it occurred to me that those air passengers who ordered milk with their meal did so without the slightest concern as to whether it was put on the plane in New Orleans or at some other place.

Whether it was produced in the South, West, North or East -- they cared not. I doubt if one passenger in the several dozen even read the brand name on the carton.

As I thought further about this minor phenomenon, it occurred to me that this is not just a matter of sophistication in the modern air traveler -- it is a matter of confidence in the quality of the product.

You might say that air passengers must have confidence in the air line that flies them and feeds them, but the fact is that this confidence extends to all American travelers. No matter how they travel or at what obscure crossroads they find themselves -- they can and do buy dairy products without the slightest worry.

The housewife opening a bottle of milk or a package of cheese or butter anywhere assumes that the product will be wholesome, safe and of top quality.. This is true even though no food is more perishable -- and none is easier to contaminate.

Summary of remarks by Secretary of Agriculture Orville L. Freeman before the Western Dairymen's Association at Tulare, California, October 16, 1962, 12 noon.

This blind faith is a tribute to the splendid job performed by your industry -- from the dairy farmer all the way to the merchant who handles the retail product. This dependable high quality requires the efforts of all. I join other consumers in saluting you.

While the dairy industry has relieved the consumer from any problem as to the wholesomeness of its product -- the industry has not always met its own problems forthrightly. I would like to review with you some of these problems -- which we must be thinking about in these next few months.

I left Washington just a couple days behind the 87th Congress, which adjourned last week after a difficult, but very fruitful session. Many of its actions will redound to the benefit of farmers. But naturally, none please me more than the enactment of the Agriculture Act of 1962.

This new legislation contains major revisions of many of our farm programs -- even revisions of concepts in farm programs. The full significance of this law will take time to emerge, and I recommend it for your careful study.

It doesn't cover everything, of course. There are changes needed in certain other commodity programs, and I have real hope that the new Congress will plug these gaps next year. To you, and to me, and to agriculture generally, the lack of new legislation on milk is most serious. Dairy farmers and the dairy industry need a new dairy program, a workable and economic dairy program, and they need it quickly.

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Let me give you a few facts that the dairy industry must face -- facts that add up to a serious situation. I might even say a desperate situation.

First, milk production. Production will be up about one and a half billion pounds this year as compared with last. Actually, this is not a tremendous rise -- only about enough to cover the growth in population.

The worrisome part is consumption. We did not have last year and have not had this year the expected rise in consumption of milk. In fact, we have had a most unexpected decline. No one can put his finger on the exact reason for this slump. I am sure we all have our opinions.

What has this drop off meant to the dairy farmer and the industry?

The surplus which developed as a result of that slow-up in consumption forced me as Secretary of Agriculture to reduce the level of price supports on dairy products to 75 percent of parity. This was necessary because the law requires that the Secretary set -- within the range of 75 to 90 percent of parity -- the level "necessary in order to assure an adequate supply."

The reduction in price supports has meant an out-of-pocket loss of income to dairy farmers here in California and across the Nation. And certainly, dairy income was already low enough.

The support of dairy prices, even at this reduced level, has meant the Commodity Credit Corporation has had to take delivery of some 205 million pounds of butter, some 95 million pounds of cheese, and over 763 million pounds of nonfat dry milk powder so far this marketing year -- all since the first of April.

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I do not need to impress on you that this is costly to the government and the taxpayer. It is costly to buy and costly to store. It is even costly to give away. The dairy price support program this year is running at an annual rate of a half billion, a lot of money for just one farm program. And it is a program which does not contain even the seed of a cure for the problem. If it were continued indefinitely, the problem would in all likelihood grow steadily worse. The government would be faced with buying more dairy products each year at a steadily rising cost to the taxpayer.

At the time I made the announcement to reduce dairy support prices to 75 percent of parity, the CCC stock situation was this: 283 million pounds of butter, 82 million pounds of cheese, and 214 million pounds of dry milk.

This has not improved -- it has grown worse. Butter stocks have risen 57 million pounds since April 1. Cheese stocks have gone up about 7 million pounds, or 9 percent. Dry milk stocks have increased nearly 2-3/4 times and now stand at 585 million pounds. While butter is a problem because freezer space is less abundant than dry storage--nonfat dry milk is also a serious problem despite all efforts to utilize it.

These spectacular increases have occurred despite aggressive -- and successful -- efforts to move CCC stocks into consumption through every possible channel.

For example, we have given butter to families in need of public assistance to the point where they are eating twice as much butter as other consumers. This outlet is just about saturated.

We are giving it to hospitals, prisons and other institutions at a great rate. But there is no hope that the people in those places will be able to eat us out of our dairy surplus.

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We export butter at world prices ... but our market is limited. We give it away overseas ... but we can't give it away as fast as we are buying it.

This is hard for people to understand.

They say, with all the hunger in the world, why can't we use our surplus in a humanitarian way by donating all this extra milk and milk products to the uncounted millions of needy people overseas. We are, of course, doing quite a bit of this. The question is asked: Why not twice or three times as much?

The answer is that there is a practical limit to how much milk and butter we can give away overseas. We lean over backwards to make these donations. We pack butter in special cartons to suit CARE and the other cooperating organizations. We carry it to the port for shipment. Still, there is a limit to how much they can take.

Many countries lack the transportation, storage, and distribution to handle imported foods. They lack refrigeration.

Charitable organizations are few. In some countries it is actually easier to sell food than to give it away, because commercial channels exist and non-commercial channels do not.

Another consideration is that we must avoid "dumping" that would jeopardize existing commercial trade or disturb the farm economies of developing nations.

Finally, people in some countries are not accustomed to butter as we like it. We are in the process of converting about 100 million pounds of our butter stocks into butteroil and ghee -- products that keep with less refrigeration and are more acceptable to people in some hot countries. And, of course, this adds to the cost.

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All these efforts notwithstanding -- our stocks continue to get bigger. At this rate of accumulation, supplies of butter may be taxing the freezer capacity of this country by the end of this marketing year next March 31. And should we run out of storage space for butter, my friends, we will be in a serious situation indeed.

In light of all this, I think you can understand our difficulties in justifying the program. Congress and the taxpayer may increasingly object to a program which promises rising costs and mounting surpluses.

This is likely to lead to one of two alternatives. Congress may get tired of the problem, throw up its hands, and drop the dairy program altogether. I think we can agree this would mean ruin to thousands of dairy farmers.

I am sure you are well aware of the fact that several proposals have been suggested by various groups within the dairy industry, but with little or no consensus on any single proposal. Yet the problem is still with us. We are producing more than we can use.

It is equally as clear that a program for the dairy industry must be forthcoming. We are presently in the process of sitting down with the representatives of all dairy groups in an effort to come up with such a program. We shall continue this process of consultation throughout the rest of this year, looking towards a program which will be introduced at the next session of the Congress.

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I assure you that the Secretary of Agriculture is not committed to any approach or to any particular plan. He is looking for a solution to a problem.

My approach is as simple as this question: "What will work?"

All of the talk about "regimentation" or "control" is so much nonsense spouted by those who have had the responsibility for helping the dairy farmer and have failed miserably. They now can find only scare tactics to offer the dairy farmer.

This administration recognizes that the trends of increased costs, higher surpluses and low income for the dairy farmer must be reversed. I am pleased to note that many groups are presently developing proposals to meet this problem -- a situation which places us in a vastly improved position over where we were last year.

Thus, the search for a solution is an active concern of the dairy industry as well as the Department, and I feel confident that we can develop a dairy program which will meet the issue squarely.

The search is on. With unity we can succeed.

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22, 1962 I am impressed at the size of this audience again this morning. This is the way it has been at each of the five regional Land and People Conferences across the country during the past five weeks. C & R-ASF

I believe a new spirit for rebuilding Rural America has grown progressively as one conference followed another. In St. Louis, 1,500 rural and urban leaders from the ten Midwestern States assembled to discuss their problems. In Portland, there were 1,700 leaders from the seven Western States; in Denver, 2,000 leaders from the Great Plains; in New Orleans last week, 2,300 Southern leaders came to discuss the future of rural areas in the South. Here in the Northeast this morning is this large body of citizens assembled to make your voices heard about the future welfare of your areas.

These regional Land and People conferences in total have brought together more than 10,000 rural and urban leaders to speak their minds and to share their experiences. Two thoughts have emerged as dominant.

First, we can build a firm foundation for permanent prosperity in Rural America by pooling the resources of local communities with those of local, state and federal governments.

Second, what must be done in Rural America can only be done through local leadership and local initiative.

If this assemblage is like the other four -- and I am sure it is -- there is a wide diversity of interests represented in this room -- rural leaders from States and counties, citizens' organizations, chambers of commerce, business and

Address by Secretary of Agriculture Orville L. Freeman keynoting regional Land and People Conference, Sheraton Hotel, Philadelphia, Pa., October 22, 1962, 9:15 a.m. (EDT)

industry, labor unions, church and youth groups, producer and consumer cooperatives, schools and colleges, county and municipal governments, soil and water conservation districts, agencies of state government from the thirteen Northeast States.

More than likely there is someone here from almost every walk of life in the Northeast. And this is important, especially here in the Northeast where the problems of rural-urban cooperation are so complex and where country-side and city are so closely inter-locked. In this vast megalopolis, 30 percent of the people of the United States reside, earn their living, and raise their families.

Political philosophers, poets, and historians have rightly sung the praises of rural America. They have told us of the basic qualities that made our land great -- the initiative, the independence, the dedication to the ideals of democracy, the pioneering courage that overcame tremendous obstacles, and the vision to aspire to a future of limitless possibilities. They told us how these qualities grew, flourished, and bore fruit on farms and ranches and in small towns as America grew.

This rural America now faces a period of serious crisis -- a crisis brought about by the same technological and scientific progress that made American agriculture the productive miracle of the world.

But let me make it perfectly clear that the ~~real~~ threat to rural America does not lie in scientific and technical progress itself. The real threat lies in the failure to direct the changes growing out of that progress to

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meet the real needs and wants of all the people of this nation. And the health of the entire nation, not merely that of the countryside, will be seriously threatened if we fail to preserve and advance the real values of the past as we adopt and make use of the potential for the future.

This threat is very real, and very serious. Its reality is illustrated by the cold facts of what has happened to rural America in our generation. I will point out some of these facts a little later. Its seriousness is demonstrated when an organization as distinguished as the Committee for Economic Development proposes to solve the farm problem by cruelly depressing farm income to the point where a mortal blow would be inflicted upon the small cities, towns, villages and farms that, together, make up rural America.

The CED would thus attempt to solve a problem of surplus grain by substituting for it an infinitely more serious problem of surplus human beings!

We are unalterably opposed to this approach.

Instead of the CED program of deliberately using poverty to drive people off the farms, we seek to end rural poverty by building new resources in the country.

Instead of the CED program to idle our great land resources because they now produce more food than we can use, we seek to redirect those resources to meet critical and growing scarcities that exist in our society.

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Instead of using rural America as a base from which to inflict upon our burgeoning metropolitan areas an influx of job-seekers, we strive to develop in rural America facilities for outdoor recreation that will offer to the men, women, and children of our cities opportunities to fulfill one of this Nation's most pressing and urgent demands.

These are some of our goals for rural America. In order to approach this task within a framework of understanding that will enable us to choose the best programs directed toward these goals, I am asking you to review with me: First, the size and shape of rural America; second, some of the facts today that clearly warn us of the imminent threat to our rural economy; and, third, some of the programs we are developing to avert this threat by expanding opportunity and encouraging new growth.

Let's take a look at rural America today.

Two out of every five Americans today live in areas that are essentially rural in their nature. Some live on farms. Others, in towns and small cities, draw their economic lifeblood from the countryside and are also a part of rural America. Thus 76 million people are directly concerned with the danger signals that threaten rural America, and all Americans are indirectly involved.

What are these danger signals, and how have they come about?

In the first place, it is important to recognize to what extent our growth in population reflects increasing urbanization. From 1950 to 1960, population increased greatly in city and suburban areas. The population of most towns under 2,500 declined. Farm population dropped by one-third -- from 23.1 million to 15.6 million. On the average, at least a million people left the farm every year through the 1950's.

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Many small farmers gave up, or turned to whatever nonfarm work they could find in order to remain in rural America. In 1959, families on the 2.9 million farms producing less than \$10,000 in gross marketings got 73 percent of their cash income from nonfarm sources.

Even with many fewer people to divide farm earnings, per capita personal income of the farm population was \$1,373 last year, or only 59 percent of the \$2,345 for the nonfarm population.

And this was true despite the fact that total realized net farm income was 10 percent higher in 1961 than in 1960, and the highest in eight years.

With its major economic mainstay in trouble, rural America began to slide backwards. And today we see these results:

More than half of the poverty in America today is in rural America.

Rural people lack educational opportunities. The median number of years of formal education is 8.8 for farm people and 9.5 for rural nonfarm, as compared with 11 years in urban areas.

Rural people lack job opportunities. Underemployment in the rural areas is so great that it is the equivalent of around four million unemployed.

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This has happened in a countryside which has produced an abundance of food and fiber never before seen in the world -- where one farm worker feeds and clothes 27 people.

This has happened in the United States of America -- the richest, most vigorous and dynamic society in the world.

The sound and the fury over the management and use of agricultural abundance has too often obscured the plight of people and the plight of rural communities. Concern has centered on commodities -- instead of communities.

But we are here today because our concern -- yours and mine -- is for people and their communities.

Change, inexorable though it is, can be shaped to work for people -- not against them. This means a two-pronged attack on the problems of agriculture. We must manage our abundant productivity in order that the really efficient family farm can produce a decent income; and, second, for those now living on farms that cannot be operated efficiently, we must offer opportunities to raise their levels of living by means of both agricultural and non-agricultural pursuits, or some combination of the two, as far as practicable in their own communities where they prefer to live.

It is utterly inconceivable to me to think that in the American society there is a lack of resources, a lack of ingenuity, or a shortage of determination to revitalize rural America.

What basic resources do we have with which to strengthen rural America?

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First, we have tremendous human resources. You and thousands of others are serving in hundreds of local, State, and regional planning and action institutions or committees -- both public and private.

Second, we have abundant natural resources in our land, water, forests and wildlife. Nearly three-fourths of all land in the 48 contiguous States is in private ownership. Here is the source of our abundance of food and fiber, and 69 percent of our commercial forests. Privately owned land, together with the National Forests and other public land, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.

Third, we have programs to enable people to conserve, use, and develop the land and water resources -- a whole galaxy of action programs authorized by the Congress, by the States, and by local government. In an all-out effort to improve and strengthen these programs, the USDA is emphasizing rural areas development.

Rural areas development is a blending of all available programs for a broad-gauge, long-range simultaneous attack on all the problems of rural America.

It is a coordination of programs involving conservation, credit, industrial development, recreation, education and other public services.

The time is past when each program goes down a separate path. The time is here when local people can use as one the tools of credit, research,

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technical aid, electrification, educational services, marketing, and assistance in cooperative efforts.

The time is past when we deny the soul-regenerating refuge of open green space to the teeming millions in our cities while land produces crops for government storage.

The time is past when land can be idled. Instead, land can be put to paying use for the production of grass, trees, and outdoor recreation to meet the needs of all Americans.

The time is past when it's even valid to ask: "Can rural America be revitalized?" Rural America is being revitalized now.

And the time is past when anyone should doubt that grass and trees, wildlife and clean water can be developed within easy driving distance of any city hall. For that, too, is being done.

These things are happening where rural and urban leaders take the initiative and work together, as they are doing in Maryland's proposed Upper Rock Creek Watershed Project.

There -- bordering our Nation's Capital -- farmers, suburbanites, city dwellers, and public officials have allied themselves against a common problem.

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A magnificent park borders Rock Creek. The land along the creek is ideal for baseball fields and playgrounds -- except for one thing, floods! These floods have their beginning in the upper reaches of the watershed where new subdivisions blend with rolling farmland.

Community groups joined forces to develop a watershed protection project. They have had the technical advice and encouragement of the Department's Soil Conservation Service.

If Congress approves the project, farmers and suburbanites will apply conservation practices to reduce erosion and storm waters. The Maryland-National Capital Park and Planning Commission will provide the necessary land and rights-of-way and pay most of the non-Federal share of the construction costs. The Commission also will develop new recreational facilities in the park. The Montgomery County Council will help with the construction costs, and maintain the watershed structures. Two lakes created by watershed dams will be developed for fishing, swimming, boating and other water sports. The Washington Suburban Sanitary Commission cooperated by redesigning a sewer line to bypass one of the proposed dam sites.

Stamford, Connecticut, is another example. The city's problem was what to do with a 30-acre swamp. Lacking a better idea, the city decided to make a trash disposal dump of it.

Quite naturally, people who had built new homes near the swamp were alarmed. One of the home owners asked a farmer-supervisor of the Fairfield County Soil Conservation District if a better use couldn't be found for the swamp. Then USDA technicians working in the district were asked to make a detailed study of the

area. They found it was suitable for outdoor recreation -- exactly what the people of Stamford wanted, and needed.

The technicians designed a drainage ditch to drop the water level two feet. They located the sites for wildlife ponds. The Stamford City Park Commission contracted the construction of three ponds, and had them stocked with fish.

For only \$45,000, the city provided its people with a 30-acre recreational center. Farm as well as city people use it for fishing, skating, nature walks, and just relaxing. Students now go there to study nature first hand.

Individual farmers also are doing their part to meet the nation's outdoor recreation needs.

A Massachusetts apple grower decided to build a ski tow on one of his little-used slopes. Now he has seven slopes in operation, and he is building additional ski runs and lifts.

A farm pond that once irrigated his apples in the summer now provides water for a snowmaking system that assures good skiing season-long.

Ski enthusiasts from a nearby city crowd his farm on weekends. I am told as many as 400 cars have been turned away in a single day due to lack of parking space.

These are not isolated cases.

Throughout rural America and its adjoining urban and suburban areas, local people are directly involved in seeking common objectives for their communities and areas.

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More than 50,000 people are members of 1,500 rural areas development committees. They already have prepared 2,700 development project proposals, and have started 900 of them.

There is no better place to see -- and to feel -- the upswing in the countryside than with the family in a new rural home.

Time and again we have seen fears disappear and confidence reappear as the Department has helped rural families to finance 6,200 new homes since the Housing Act of 1961 was passed. The effect also is electrifying on the community. The building of a new home is proof that someone has confidence in the community's future as a good place to live, to work, and to bring up a family.

And the effect goes far beyond the community. It is like a pebble dropped into a still pond. Rural construction creates jobs and extra buying power for carpenters, electricians, bricklayers, and others. It provides an additional market for building materials and appliances -- a market that helps to buoy the urban economy.

This is extremely important, for we are an interdependent people -- rural, suburban, and urban. Revitalization of the countryside will be speeded by a strong and vigorously growing urban economy with the means to buy the goods and services, including outdoor recreation, produced in rural areas.

And each region is an integral part of the whole.

This regional conference was arranged to give you full opportunity to review with each other, and with us, the problems of the Northeast and the resources -- both human and physical or material -- for solving these problems.

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I urge each of you to participate in one of the group discussions.

We are here to listen, and to learn. We want your suggestions for improving the Department's services for conservation and development.

To make the services of the Department more effective, I have reorganized it to place under one leader -- the Assistant Secretary for Rural Development and Conservation -- The Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Office of Rural Areas Development, the Rural Electrification Administration, and the Soil Conservation Service. This is a grouping -- a packaging -- of important development and conservation services to enable the Department to help you more effectively.

Congress has provided new and important tools for your use in revitalizing the countryside.

Some of these are in the Food and Agriculture Act of 1962, which President Kennedy signed in late September.

Some are in the Senior Citizens Housing Act of 1962, also newly approved by the President. USDA's Farmers Home Administration is now authorized to make loans to provide low and moderate cost rental housing and related facilities for elderly persons and families in rural areas.

Other new tools are in the Public Works Acceleration Act which the President recently signed into law. This Act's purpose is the immediate creation of new jobs in financially hard-pressed rural as well as urban areas.

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The Department of Agriculture has a massive backlog of work projects ready to provide new jobs and economic upswing in rural areas eligible for help under the Accelerated Public Works Program, in virtually every State.

The Food and Agriculture Act of 1962 gives the Department authority to aid rural people in new long-range programs for putting the land we don't need for crops into new and profitable uses, including a great expansion of outdoor recreation for all Americans.

Permit me to..briefly describe some of these new authorities.

USDA now can enter into agreements up to 10 years with farmers and ranchers to carry out long-range conservation plans. These agreements will provide for cost-sharing and other help for changes in cropping systems and land use, and for development of soil, forest, wildlife and recreation resources. This includes land on which conservation reserve contracts are expiring.

The Department has authority to assist State and local public agencies. designated by the Governor or the State legislature to carry out land use plans. Federal loans, repayable within 30 years, can be made to the designated State and local agencies.

In Small Watershed Projects, the Department now may share with agencies of the State up to one-half of the cost of land, easements, and rights-of-way for reservoir or other areas to be managed by State and local agencies for public recreation. Cost-sharing also may be made available for providing sanitary and other facilities needed for recreation. State fish, wildlife, and park agencies are eligible for help. So are counties, municipalities, and special purpose

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districts created by or under provisions of State legislation.

The Department may now advance funds to local organizations for immediate purchase of lands, easements, and rights-of-way to prevent encroachment of other developments in Small Watershed Projects. These funds would have to be repaid with interest before construction is started.

The Department may now aid local organizations in developing water supply for future use in Small Watershed Projects. USDA can pay up to 30 percent of the total cost of a reservoir to store water for future municipal or industrial use. Repayment and interest charges may be deferred up to 10 years if the water stored for future use is not used during that period. Repayment with interest will begin as soon as the water is first used.

All of these and other watershed act amendments are applicable to the 11 watersheds, such as the Buffalo Creek Project in New York, authorized under the Flood Control Act of 1944.

For the first time, the Department through the Farmers Home Administration can make loans to individual farmers for development of outdoor recreation. The owner-operator of a family-size farm may borrow up to \$60,000 for construction of fish ponds, development of hunting preserves, construction of cabins, picnic and camping areas, and other facilities for outdoor recreation. The borrower may have up to 40 years to repay the loan at five percent interest.

Operating loans up to \$35,000 also are available to owner-operators and to farm tenants for operation of recreational facilities. These loans are repayable in seven years at five percent interest.

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FHA also may make loans up to \$1 million dollars to aid associations serving farmers and other rural families to make changes in land use, including the development of recreational facilities.

With these new tools, the Department can assist you and your local agencies in planning and carrying out Rural Renewal Projects, Resource Conservation and Development Projects, Watershed Recreation Developments, creation of water supply for future needs, projects for expanding grasslands and family forests, and for the development of outdoor recreation facilities on farm land..

The Department looks to local people to initiate, to plan, and to carry out these projects in cooperation with local and State agencies, just as it does in its long-established conservation and development programs for other privately-owned land.

The ultimate success of rural areas development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them.

The Federal government can provide incentives and technical services, but government cannot and should not do the job for local people. Government cannot and should not control all the land-use activities of its citizens. The government has programs and resources that will help them. But any community -- any area -- that waits for government to pull it out of the problems caused by change and shifting economic and social patterns will be submerged.

The challenge, then, is to the leadership of the people of this great countryside of ours.

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I should like to conclude by pointing out that our program for strengthening rural America is an integral part of our program for Food and Agriculture in the 1960's. The heated debate over controversial supply management features of the Food and Agriculture Act of 1962 obscured the great advances authorized in the Act for conservation and development -- advances that drew quiet but strong support from conservation leaders in all fields and at all levels, rural and urban. But the goal of strengthening the income of the family farm, by means of adjusting production to amounts that can be used, is inseparable from the goal of strengthening rural America.

We seek increased efficiency on our farms, and we would further this goal by helping farmers to acquire and operate more efficient farming units; but along with this we seek farm programs that will enable the farmer, as well as the consumer, to benefit from this increased efficiency.

We seek, therefore, to manage our abundant productivity, not by idling the land, but by putting it to use to provide services such as recreation that are in increasingly scarce supply.

We repudiate the CED proposals to use poverty as a weapon to accelerate the migration from our farms, and to replace a surplus of wheat and corn with a surplus of men and women.

Instead, we can provide, in rural America for the benefit of all Americans:

-- a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities;

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-- opportunities for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas;

-- decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities;

-- communities that can provide health, education, and other public services equal to the best that we know how to provide;

-- resources of outdoor recreation of all kinds and in sufficient supply to meet the needs of our growing urban population;

-- the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation, and will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs.



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25, 1962

The American farmer can take quiet pride in the fact that of the many problems with which President Kennedy is faced today, food is not one of them.

This country has on hand an abundance of food and fiber sufficient to meet foreseeable needs. The national cupboard today holds food stocks more than 50 percent greater than it did when the Korean conflict began. We are confident that agriculture and the farm family can meet any request which might be made.

This most welcome situation -- in sharp contrast to the problems almost every Communist nation contends with today -- is the offspring of two unique characteristics of American agriculture.

*First, the United States, through a family farm system of agriculture, has the most efficient and productive agricultural plant in the world. One farmer today produces enough, on the average, to supply the food and fiber needs of 27 people.

Food is the best bargain the people have today, and it will remain the best bargain because there are no shortages. The food budget of the average family today accounts for less than 20 percent of family income -- less than in any other Nation of the world today.

Excerpts of remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman before the annual stockholders' meeting of the Southern States Cooperative, Inc., Richmond, Virginia, 7:30 p.m. EDT, Thursday, October 25, 1962.

*The second reason is the close, historic partnership that has developed between the farmer, on the one hand, and the Government -- particularly the U. S. Department of Agriculture -- on the other. Through this partnership has come the extensive research programs, the constantly improving marketing techniques, the productive resources, the special communication web and the management programs which have made and continue to make possible the miracle of agricultural abundance we often take so much for granted.

In this period of tension, the American people can feel the calm assurance of strength which comes from having an abundant supply of food available -- and which is backstopped by a farm system with the capacity to respond to any need.

For a moment I would like to probe deeper at some of the less visible implications of this situation. In a period of prolonged tension... which we have today...we often are able to understand many things more clearly, especially when we know we are fully capable of meeting emergencies.

Let us take a look at agriculture and some of the reasons it contributes so well to our national strength.

We know that historically when a nation is faced with a crisis, an initial reaction is to hoard food supplies. Under a system where market forces alone determine the allocation and production of food and fiber, this situation would be an automatic reflex. The market would contain only enough food and fiber to meet normal demand...not the abnormal demand created by crisis conditions.

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Food prices would rise sharply. Some would go hungry, and the ingredients for panic, fear and hysteria would come together like a keg of powder looking for a burning fuse.

Obviously, these conditions are not present today because, for over a period of years, we have been developing an agricultural policy of supply management. Since early 1961, this policy has become increasingly well defined -- and the current situation of heightened world tensions demonstrates its validity more strongly than any amount of words.

Supply management is a policy which recognizes the need of a modern, powerful Nation to maintain adequate reserves of food and fiber for any emergency while maintaining the productive capability of the agricultural plant. To have less in a world of swiftly changing events is to accept risks which are needless.

I believe that a cardinal example of this supply management concept at work is in soybeans.

When I became Secretary of Agriculture in January 1961, I found that we faced a near shortage of soybeans, a commodity which has vital industrial and food uses. There were less than 6 million bushels in reserve, or only enough to supply national needs for a few days.

The market price rose to over \$3.50 a bushel, even though the support price was \$1.85. Speculators were having a field day, and we were losing foreign markets and dollar sales at a time when our balance of payment deficit would have welcomed a higher level of exports.

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At the same time, we were producing feed grains on land that could be growing soybeans, adding about 350 million bushels of feed grains to a surplus which already exceeded reserve requirements.

I took action to increase the support price on soybeans for the 1961 crop to \$2.30 a bushel, both as a measure to increase farm income and to divert land from production of feed grains to soybeans.

There is no action I have taken as Secretary which has been criticized more -- or of which I have been more proud of doing. Editorial comment was critical, and the soybean processors sounded like the voice of doom.

But what has happened?

*Income to farmers from soybeans increased over \$400 million. Farmers received an average price for their 1960 production of \$2.13 a bushel, even though the market price reached above \$3.50 a bushel. For the 1961 crop, however, the average price per bushel to the farmer was \$2.29, with a market price far below the peak for the 1960 crop.

*Soybean exports set a new record, climbing to over 160 million bushels. Soybean oil and meal exports were at record levels.

*Domestic use of soybeans reached new levels, rising to a high of 471 million bushels.

*A soybean reserve of 55 million bushels -- or about one month's supply -- was secured.

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This year the production of soybeans will again be near record levels -- but not as high as in 1961. However, we anticipate new records in domestic and export use...and it now appears that the entire crop will go to the market.

Thus an appraisal of the soybean programs in 1961 and 1962 will demonstrate that the increase in production of a commodity where it was needed helped to secure an adequate reserve of a vital product. It enabled farmers to earn higher incomes. It produced new markets to earn more trade dollars. It contributed to a reduction of surpluses in a commodity where supplies far exceeded security levels.

There is no better example of the principle of supply management. By moving some land from corn to soybean production, we were able to strengthen our position in feed grains. A substantial surplus in excess of reserve needs places a needless drain on the economy, and reduces the flexibility of the Department to deal with the situation.

We were able to strengthen farm income, and to begin to ease the pressures which are threatening the family farm system. As the keystone to our unparalleled success in agriculture, the family farmer should have the opportunity to earn an income which will provide economic strength and security.

If the farmer has this, then the American people will always be assured of an abundant supply of food and fiber at reasonable prices.

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In today's world, this concept of supply management is essential to a strong and powerful America because it will help build a stronger farm economy.

This is a goal which all of us share, for it has been the guiding purpose of such cooperative enterprises as the Southern States Cooperative, Inc.

You began your organization because farmers in Virginia wanted better seeds in order to grow crops which would produce better income. No one would supply those seeds because the profit margin wasn't good enough, and so the farmers organized to do it themselves cooperatively.

This has been the history, in a very real sense, of the cooperative movement in agriculture. When the farmers faced the indifference -- and often the antagonism -- of the market, they have found their cooperatives a means of protecting themselves and their families.

The effectiveness of cooperatives in serving their members can be measured by the success of this cooperative. Since you were first organized in 1923, net margins amounting to over \$80 million have been made available to patrons in cash dividends, refunds and added value of the organization. Over 400,000 members are able to purchase supplies through local cooperatives, service agencies and farmer agents at fair and reasonable prices.

We recognize that cooperatives perform an essential function in the agricultural economy. In a very real sense they represent the modern day version of the tradition of neighbors working together to help themselves and each other in purely democratic fashion.

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A year ago, I put down in a formal statement of policy the attitude of the Department towards cooperatives. I would like to repeat some of that to you here:

American agriculture is the most basic industry of the Nation, and farmer cooperatives are vital to its continued functioning as a strong productive segment of the national economy.

The American system of family farms is a foundation of the Nation's democratic traditions, and farmer cooperatives with their highly democratic structure make continuation of that foundation possible.

The American economy is highly organized and it is important that farmers have means of acting together for common purpose and in order to protect their economic position. Farmer cooperatives are a means toward these ends.

I firmly believe that the concept of supply management as a pragmatic, non-doctrine approach to the agricultural economy of the 20th century can help to create the environment where both the family farmer and his cooperatives can flourish and grow. It can help agriculture to rise to an equal footing with the other segments of a highly industrialized economy, and it can equip our country with a strong, flexible and productive farm industry capable of responding to any challenge.

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Statement by

SECRETARY OF AGRICULTURE ORVILLE L. FREEMAN

at ceremonies in the United States
Department of Agriculture, Oct. 29,
1962, held in observance of the
dedication of an elementary school
U.S. wheat helped to build in
Pakistan.

C & R-ASF

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This is a happy occasion, Your Exeellency, for us and others assembled here today to rejoice in the completion of the school in Gangu Bahadur village.

I offer you and the people of the village my heartiest congratulations on this day of dedication of your new school. How well I recall my visit to your village just a year ago when I met Malik Mohammed Shaffi, and he pointed out to me your need for a school building. This school, which you have built with your own materials and with the help of the people of the United States who have sent U.S. wheat to help pay labor cost, is truly an example of a cooperative effort to fill a community need.

A school is a place of learning. This school has taught us things long before the first student has entered its doors. We see here the results of combining Pakistan's capable manpower, your own voluntary contributions and U.S. agricultural abundance.

Your country places great emphasis on education. One of our early statesmen, Thomas Jefferson, said: "A Democracy is based on an enlightened public." Thus we, as well as you, who believe in the dignity of man, have come to realize the essential importance of schools -- to enlighten the minds of men.

I sincerely hope that the success of this project will inspire the people of other communities to strive for similar objectives; so that more of the needs of the people of Pakistan can be satisfied through cooperative efforts between our two countries.

May this be only one of many schools built because our two countries who share common goals also are learning to share our common resources to the benefit of the free world.

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I have today issued a series of directives mobilizing the full resources of the Department of Agriculture in the most far-reaching attempt since the 30's to create new economic opportunity, update wasteful and outmoded patterns of land use and infuse new vitality into rural America. The whole of America will benefit.

These directives formally put into motion the Rural Areas Development (RAD) program, which represents coordinated application of various new authorizations provided by the Congress in the Food and Agricultural Act of 1962 on the recommendation of this Administration.

The directives issued today establish policies and assign to Department agencies the responsibility for various segments of the RAD program, including resource conservation and development projects; rural renewal projects; long-term changes of land use from crops to grass, to trees, fish and wildlife production or to income-producing outdoor recreational development. Others recently approved by my office provide for help with watershed recreation development and municipal and industrial water supply.

In every case, I have made local initiative and leadership the first criterion for Department help under the new programs.

Statement by Secretary of Agriculture Orville L. Freeman at a News Conference, Washington, D.C. Nov. 2, 1962

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The Federal government can provide incentives and technical services, but government cannot and should not do the conservation and development job for local people on privately owned land. The challenge in the use of the new tools provided by Congress is to the leadership of the people of rural America.

Thousands of people, living up to the tradition born in rural America of local effort to meet local problems have already accepted the challenge. They have sound experience and notable achievement to back them in this effort. Local leadership already has in the past demonstrated its worth in soil and water conservation districts, rural electrification and other cooperatives, farmer committees, and rural areas development committees, as well as in scores of organizations in towns and villages.

I am grateful to the many local leaders who have brought their experience in their long-standing programs to bear in aiding the Department in developing the policies which will guide us in the RAD program.

These policies were formulated during months of work in the Department and after consultation with thousands of local, State, and national leaders, including 10,000 or more who attended a series of five regional Conferences on Land and People this fall and the National Conference on Land and People last January. (The chronology of policy development is presented on Page 13 of this statement.).

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With the new tools and with programs already operating in this and other Departments or independent agencies, individuals and their locally--constituted agencies can create new economic opportunities through conservation, development and multiple use of land, water, and related resources, strengthen family farms, attract new industry, provide job training or retraining, develop more adequate community facilities, provide improved housing, and increase the income of rural farm and non-farm people.

This Department's new policies for conservation and development are consistent with the President's policies on water and related resources, with the Department's well established policies designed to strengthen the family farm and increase farm income, and with the commodity price and supply management programs. They also are consistent with the Area Redevelopment Program of the Department of Commerce, the new Accelerated Public Works Program coordinated by the Department of Commerce, and with the Manpower Development and Training Act administered by the Department of Labor, all of which are administered in rural areas by the Department of Agriculture.

This is in keeping with the concept that rural areas development is a blending of all resources and programs -- local, State and National -- for the creation under local leadership of new economic opportunities in rural America.

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To carry out the various component segments of the Department of Agriculture's RAD program I have made these assignments in the series of directives issued today:

Resource Conservation and Development Projects

For Resource Conservation and Development Projects, under Section 102, of the Food and Agriculture Act, I have assigned the primary responsibility to the Soil Conservation Service to cooperate with and assist local sponsors in developing and carrying out project plans.

Soil Conservation Service will also be responsible for contacts with other Federal agencies and with State and local agencies and organizations which can assist the local people in developing these resource conservation projects.

Within the Department, Soil Conservation Service will be aided by the Farmers Home Administration, the Forest Service, the Federal Extension Service, the Agricultural Stabilization and Conservation Service, the Economic Research Service, the Office of Information, the Office of Rural Areas Development, the Farmers Cooperative Service, and the Rural Electrification Administration.

We encourage the governing bodies of Soil and Water Conservation Districts to take the lead at the local level in developing leadership and arranging for appropriate sponsorship where these Resource Conservation and Development Projects are needed to accelerate conservation of natural resources.

Cropland Conversion Programs

The Agricultural Stabilization and Conservation Service is responsible at National State, and county levels for the development and administration of the land-adjustment programs authorized in Section 101 of Title I of the Act.

State and County ASC Committees are responsible for the day-to-day operation of the programs.

The Soil Conservation Service and the Forest Service are responsible for the

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technical phases of those practices for which technical assistance is required.

The objectives of these long-range land use adjustment programs are to help farmers and ranchers to:

1. Permanently convert to other productive use land regularly used in, but not suited for, the production of crops.
2. Permanently convert to other productive use land regularly used in the production of crops that is suited to that use only occasionally.
3. Convert to other uses land used in, and suited for, production of crops not currently needed.

These new programs will enable farmers to expand grasslands, to expand and improve woodlands, and to develop recreational use of private lands.

To encourage farmers to participate in long-range land-use changes, the Department can offer them transition or adjustment payments to lessen the immediate economic impact of the change from crops to other uses, as well as cost-sharing, including materials, services, and other assistance they may need for conservation measures.

Agreements with farmers and ranchers to convert land to non-crop uses will be made at the local level by the ASC County Committees. The agreements will be based on farm conservation plans which farmers have developed in cooperation with local soil and water conservation districts and with technical help from the Soil Conservation Service.

The new programs will be started at the earliest possible date in selected counties to test the administrative feasibility and effectiveness of these long-term programs for general application.

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Income-Producing Recreation Enterprises on Rural Non-Federal Land

I have directed the Soil Conservation Service to assume the responsibility for leadership in assisting rural people to establish income-producing recreation enterprises on farmland. SCS also will act as liaison with other Federal, State, and local agencies and groups in a position to assist with recreational development.

Under Title IV of the Food and Agriculture Act of 1962, the Farmers Home Administration has new loan authorizations to implement the development of these income-producing enterprises. FHA can lend money to farmers and ranchers to establish recreation businesses as part of their farming. Also, FHA now can provide credit to groups of farmers and rural residents for changing land from crop production to recreation use.

In addition, I have directed each agency of the Department directly serving local people to develop operating policies and procedures which will aid local landowners and organizations to develop recreational enterprises.

The Agricultural Stabilization and Conservation Service, with the aid of the Agricultural Conservation Program Development Group, shall be responsible for developing and carrying out, where authorized, programs of cost-sharing payments to individual landowners.

Many years of Forest Service experience in managing forest lands to enhance opportunities for general recreational pursuits and fish and game management will be most helpful with the new tools for developing recreation.

Farmers, ranchers and others have already developed many recreational enterprises with assistance through long-standing programs of the Department.

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It is our policy to continue to use all authorizations we have had to encourage and assist rural landowners and operators, as well as local organizations, to develop hunting, fishing, and other income-producing recreational enterprises as a part of a conservation plan.

Rural Renewal Program

Rural Renewal Projects will be developed locally, by legally constituted bodies or public agencies designated by the State legislature or the Governor.

The Farmers Home Administration has been assigned the coordination, direction, and supervision of the Department's assistance under the rural renewal program. The assistance can be both technical and financial.

Emphasis on the Rural Renewal Program must come from the need of the local people for a complete development program aimed at eliminating chronic rural underemployment, fostering sound rural area economy, strengthening family farming, and increasing the incomes of farm and other rural people, while stabilizing, improving, conserving and developing the natural resources of the project area to assure the permanence of the economic gains achieved.

Land and Water Policy Committee

There is urgent and continuing need for bringing the Department's best experience and knowledge to bear on the development and implementation of land use adjustment policies and programs designed to reflect the public interest and to make the most effective use of our land and water resources.

Therefore, as Secretary of Agriculture, I have established a USDA Land and Water Policy Committee, to advise my office, and to formulate and recommend to me long-range goals and policies for the most productive use, conservation and development of our land, forest, and water resources to benefit all our people.

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This Department-wide committee is composed of representatives of agencies most concerned with land and water programs: Agricultural Research Service, Agricultural Stabilization and Conservation Service, Cooperative State Experiment Station Service, Economic Research Service, Farmers Home Administration, Federal Extension Service, Forest Service, Office of Rural Areas Development, Rural Electrification Administration, Soil Conservation Service, and the Staff Economist Group.

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OTHER CONSERVATION AND DEVELOPMENT
PROVISIONS OF THE FOOD AND AGRICULTURE ACT

Other important new tools for conservation and development are included in the Food and Agriculture Act of 1962.

Policies previously have been established by my office for these.

Small Watershed Program Expanded

New recreational facilities can now be developed in projects authorized by the Watershed Protection and Flood Prevention Act of 1954, as amended by the Food and Agriculture Act of 1962. Federal cost-sharing is provided for the first time for public recreational development.

Other new authorizations provide for future municipal and industrial water supply, revision of the cost-sharing formulas, and fund advances to prevent encroachment of other developments.

The Small Watershed Program is administered by the Soil Conservation Service.

Many local organizations sponsoring watershed projects are expected to request that recreational facilities be included in projects now being carried out or authorized for planning.

On the first of October, 425 watershed projects totaling nearly 24 million acres in 47 States and Puerto Rico had been authorized, and 366 other projects had been authorized for planning. In all, 1,760 local organizations in 48 States and Puerto Rico had applied to the Department for assistance in watershed projects.

Credit Available for Fish Farming

Title IV of the Food and Agriculture Act, in addition to providing loans for income-producing recreation enterprises, also permits the Farmers Home Administration to broaden its definition of farmers to include persons engaged in fish farming to qualify for FHA credit assistance.

The new authorization also permits credit assistance to other farmers to develop fish production as an additional enterprise to supplement their incomes.

MANY OTHER TOOLS FOR CONSERVATION AND DEVELOPMENT

Numerous other resources are available for conservation and development of rural America. Some are new -- recently approved by President Kennedy. Others--like the rural electrification program, the rural telephone program, conservation cost-sharing under ACP, aid to cooperatives, credit, technical assistance to soil conservation districts, educational services, and research -- long have been helping to develop rural America.

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Senior Citizen Housing Program

The rural housing loan program, administered by the Farmers Home Administration, was broadened in September 1962 to include provisions for people 62 years of age and older who live in rural areas.

FHA can make loans to individuals to buy existing housing, or to build or improve their homes. This program is being implemented with funds made available by the Bureau of the Budget from the \$50 million additional authorization by Congress for housing loans for the elderly.

FHA made the first loan under this new program October 30 to a 64-year-old couple near Attalla, Ala.

The new program also provides for the establishment of an insured loan program to enable commercial concerns to build rental housing for the elderly, as well as authorization of direct loans to private nonprofit corporations and cooperatives to provide rental housing for the elderly. Funds for this direct loan program will be requested of Congress next year.

Accelerated Public Works Program

New jobs in rural areas are being created by the new Accelerated Public Works Program, coordinated by the Area Redevelopment Administration in the Department of Commerce.

Last Friday I announced that \$15 million of funds allotted under this program by President Kennedy to the Department of Agriculture had been assigned to National Forest projects ready to go throughout the nation. By Monday, 1,000 people were employed on these projects.

Estimates have been made for projects now being developed in soil and water conservation districts, in connection with the small watershed program, for improvement of research facilities, and for cooperative forestry work with the States. In addition, loans also may be made to accelerate public works in economically distressed areas.

Training

The recently enacted Manpower Development and Training Act administered by the Department of Labor provides another important tool in rural areas development.

Members of farm families with less than \$1,200 annual net income are eligible for training in skills needed in the labor market area where they live, or in other sections of their State.

Qualified farmers may receive up to 52 weeks of training, while receiving weekly subsistence allowances up to \$35 a week.

Unemployed farm youths 19 to 22 years of age may receive training and training allowances up to \$20 a week.

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The Area Redevelopment Act, passed last year and administered by the Department of Commerce, also has an important training program available to underemployed rural people.

Area Redevelopment Program

Nearly 750 predominantly rural counties have been designated as eligible under the Area Redevelopment Program for loans, grants, and technical aid.

Because of its long service to rural people, the Department of Agriculture has been delegated important responsibilities for this program in rural areas designated by the Department of Commerce

USDA reviews overall economic development plans from designated rural areas, and submits recommendations about them to Commerce. USDA also reviews and makes recommendations to Commerce on rural project proposals designed to carry out the overall plans.

USDA's Technical Action Panels in the States and counties also are available to assist with development of plans and projects on request by local people.

USDA Technical Action Panels

To make the resources of the Department more responsive to the needs of rural people, we have established State and county Technical Action Panels.

Specialists from our agencies with field offices, like, ASCS, SCS, and FHA have been formed into Technical Action Panels in every State and county to aid the local people in their rural areas development program. This provides a meshing of the Department's services at the local level for conservation and development.

Credit Programs Expanded

The regular credit programs of the Department -- for rural electrification, rural telephones, and for rural housing, farm ownership, and related purposes -- have been greatly expanded to become major tools for development.

During the past fiscal year, I directed the Rural Electrification Admin. to utilize its consumer loan program to implement the rural areas development program. REA since then has made loans of about \$1.1 million to its electric borrowers, which in turn lent the money to local business to purchase electric equipment. In this way, job and economic opportunities were increased in rural areas.

During the past fiscal year, REA's loans for generation and transmission reached a new percentage high, almost 60 percent of total rural electric loans, thus helping to meet the steadily rising need for rural power.

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One such generation loan -- \$36.6 million -- made recently to the Basin Electric Power Cooperative of Bismarck, North Dakota, will stimulate area development in five States: North Dakota, South Dakota, Iowa, Montana, and Wyoming. More than 140,000 consumers will benefit directly from lower electric rates, made possible by this loan.

The Farmers Home Administration lent farmers and other rural people a record \$637 million in fiscal year 1962 -- 61 percent more than in 1961 and 106 percent more than in 1960. About 8,200 new rural and farm homes were financed last year.

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LOCAL PEOPLE HELPED TO CREATE NEW POLICIES

(A Chronology of Policy Development)

From the moment President Kennedy asked me to serve as Secretary of Agriculture, I have sought the advice of local people and their leaders in the formulation of policy on agricultural programs.

The new policies I have established today for conservation and development were formed in that way.

This is the chronology of some of the major actions leading to these policy decisions, including also some of the major actions of the Administration and of the Congress:

1. (March 1961) Established a nationwide rural areas development program, with coordination of USDA services, to aid local endeavors at redevelopment, under the general direction of a Department Rural Areas Development Board.
2. (May 1961) Passage of the Area Redevelopment Act, which included rural areas as eligible for assistance, and also which included a delegation of prime responsibilities to the Department to help in the predominantly rural areas.
3. (May 1961) A national rural areas development conference, sponsored by the rural electric co-ops, which pinpointed tools the local people needed to move ahead in developing new economic opportunities. Nearly 1,000 leaders of rural electric co-ops, experienced in development work, attended.
4. (July 1961) Appointment of a Land and Water Policy Committee to study and report on needed land and water policy for the U. S. Department of Agriculture.

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5. (October 1961) The Land and Water Policy Committee met with USDA's Soil and Water Conservation Advisory Committee. The policy committee chairman, Dr. George A. Selke, reviewed with the Advisory Committee an early draft of the Committee's report. He asked for and recieved numerous comments and suggestions.
6. (November 1961) Named 34-member National Public Advisory Committee on Rural Areas Development to advise and counsel on policies and programs, required to respond to the call of local people for aid.
7. (January 1962) National Land and People conference held in Washington. Some 500 leading citizens attended from practically all of the States. Each person was asked to carry home a copy of the preliminary report on Land and Water Resource Policy which had been developed by the Land and Water Policy Committee. They were asked to offer suggestions and comments in writing within a month. Many excellent suggestions came in.
8. (January 1962) President Kennedy sent to Congress the proposed Farm Bill for 1962. He called for a rural renewal program to supplement rural areas development in the areas plagued most severely with low income, inadequate resources, loss of population, and declining public services.
9. (February 1962) Secretary Freeman issued Memorandum No. 1488 on "Cooperation with Soil and Water Conservation Districts" encouraging districts to update their programs. He offered them a modernized memorandum of understanding to help broaden their program if they desired it.

10. (March 1962) Secretary Freeman announced a Food and Agriculture Program for the 1960's incorporating a new concept for rural development and conservation which was an outgrowth of the Land and Water Policy Committee recommendations.
11. (April 1962) The Food and Agriculture Act of 1962, hearings in Congress, brought out provisions for new tools for rural development and conservation in Titles I and IV.
12. (May 1962) "Land and Water Resources -- A Policy Guide" was issued, incorporating many of the ideas that were suggested by citizens who attended the National Land and People Conference in January.
13. (July 1962) Secretary Freeman reorganized the conservation and development agencies of the Department.
14. (August 1962) President Kennedy appointed and Congress confirmed John A. Baker as Assistant Secretary for Rural Development and Conservation. Placed under him were: Farmers Cooperative Service, Farmers Home Administration, Forest Service, Office of Rural Areas Development, Soil Conservation Service, and Rural Electrification Administration.
15. (September 1962) Congress passed the Food and Agriculture Act of 1962 and President Kennedy signed it into law. It included the provisions in Title I and Title IV for new authorizations for rural development and conservation.
16. (September-October 1962) Five regional Land and People conferences were held at which 10,000 local community leaders from the States presented their views in "town hall" type meetings on how to revitalize rural America. Secretary Freeman and his administrators of conservation and development agencies listened, and responded to the local people.

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Some 1,500 soil conservation district supervisors were among those present. In his keynote address Secretary Freeman encouraged soil conservation districts and other community leaders to take the leadership in local efforts to revitalize rural America.

17. (October 1962) Policy memorandums were developed for the administration of the new tools provided in Title I and Title IV of the Food and Agriculture Act of 1962.
18. (November 1962) By now, 53 soil conservation districts in 16 States had updated the long-range program for their districts and had executed modernized memorandum of understanding with the Secretary of Agriculture. Many of the other 2,900 local soil conservation districts have indicated their intention to update their long-range programs as a primary undertaking during the winter of 1962-63.

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12, 1962 I have looked forward to this meeting with the National Milk Producers Federation because it gives me an opportunity to get back out in the country to talk with farmers and farm leaders -- and it is timely that we talk, for Congress will soon reconvene. The question of dairy legislation is much in everyone's mind.

There is not much time in which to do the many things that need to be done. For my part, I want to hear from every group which has an interest in dairying -- in all farm commodities. The Department of Agriculture has a very pragmatic attitude towards farm commodity programs ... we need programs which will improve farm income and reduce surpluses ... and save the taxpayers' money. If one program will do the job better than another, we support the program which will get the best results.

At this point, I am sure of only one thing about dairying. A support level pegged on 75 percent of parity falls short of a fair income for the dairy farmer.

Now, I am privileged to be here today to speak to you ... but I am far more interested in hearing from the National Milk Producers Federation as to the kind of dairy program you believe will increase the income of the dairy farmer ... will extricate him from the increasing buildup in dairy surpluses ... and will relieve the taxpayer of the mounting cost of operating an obsolete program that nobody particularly likes.

Address by Secretary of Agriculture Orville L. Freeman before the National Milk Producers Federation, Cincinnati, Ohio, November 12, 1962 at 2:00 p.m.

Most people are more or less in agreement that the present dairy legislation is no longer adequate for dairy farmers in the 1960's. But from this point on, I fear there is more disagreement than agreement on what should be done. I am, however, encouraged by the reports of more meetings and more discussions on the future course of dairy legislation than has been the case in recent years.

From what I have heard about these meetings and discussions I am reminded of the husband and wife who were fussing at each other a bit ... as most husbands and wives do on occasion.

The wife suddenly pointed out the window at a beautiful team of horses pulling an enormous load up a steep hill outside the home and said:

"Why do we bicker so? Why can't we pull together like that team?"

The husband, with a twinkle in his eye, answered:

"Why, that's easy, honey, they just got one tongue between 'em."

I believe there is great urgency that the dairy industry find a way to speak with one tongue ... that the dairy industry and the Department speak with one tongue. I say sincerely that if we do not -- if instead we have a babble of voices -- there will be serious consequences for the dairy industry ... that will affect all the people of this country.

I am particularly concerned that unless the recognition of the need for a better dairy program is translated into action -- coordinated action -- to get that kind of a program, we may find one day that there

will be no program. The shift in Congressional seats from rural dominated to city and urban dominated districts should make us all stop and think. It is obvious that without the support of urban and city congressmen, there will be no new dairy program ... and should these congressmen become convinced that no answer can be found to the problem in dairying, they have the power to end the dairy program and dairy supports. If that happened the price of milk would fall almost one dollar a hundredweight on the average based on studies by four different groups.

The consequences for the dairy farmer and the rural community would be severe, particularly when you consider that a rural community serving an area of 1,000 farmers generates the same level of economic activity as one industry with 3,000 to 5,000 employees.

Now this is not scare talk ... but it is serious talk.

I am sure you will agree that the dairy farmer and the dairy industry deserve better than they have received. By all the yardsticks we use to measure success, they have compiled a record of magnificent achievement.

Milk production over the past decade has increased 9 percent while the number of dairy cows has declined 19 percent. The increase in productivity per cow is 34 percent. All told, the dairy farmer has made an achievement which would be acclaimed in other industries and other nations.

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Along with the increase in dairy technology and science has gone a continued increase in the skill of handling and distributing milk and milk products. A housewife in Cincinnati buys milk with the same degree of confidence as a housewife in New York or New Orleans or Seattle. No one questions the purity of milk ... and no one is faced with a shortage of milk.

The dairy industry is a vital segment of our economy. You hear much more about the steel industry in an industrially oriented economy, but dairying has a gross income from sales equal to that of the steel industry. A vigorous dairy industry will mean vigorous small town economies throughout the nation.

As it contributes to the economic health of our nation, the dairy industry contributes even more importantly to the physical health of all people. We recognize this by the stress we lay upon school milk programs -- which we have added to 4,000 more schools and institutions in the last two years -- and by the efforts being made to encourage the development of school milk programs in developing nations throughout the world. This year we expect to provide milk to some 32 million children in other nations throughout the world. A healthy body and a healthy mind are essential to building and maintaining strong nations, and the dairy industry has contributed enormously to the growth and development of our nation.

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There is no question as to the success of the dairy industry in doing the job it knows the best ... to keep an abundant supply of milk available at reasonable prices to the consumer. Yet, with increasing success, the dairy farmer has not shared in the results of his labor. And this is the paradox at the heart of the present dairy problem. As the farmer becomes more efficient, his income has gone down or has failed to improve appreciably ... and the stocks of surplus continue to climb as does the cost of maintaining the program.

Let us, for the moment, look at the hard statistics of the dairy industry. The dairy farmer generally receives a lower return on his labor and investment than most other farmers who produce important commodities. With the average farmer today receiving an income of about 58 percent of what the average non-farmer earns, the position of the dairy farmer looks even worse. In 1960, when milk prices were about the same as they are today, the dairy farm family earned an average of from 33 cents to 72 cents an hour, allowing an average of only 4.1 percent return on invested capital. The average return to all farmers equaled 99 cents an hour in 1961--so you see the disparity even to an inadequate wage return.

Obviously, dairy income pegged on 75 percent of parity is not enough. I do not feel it is enough ... and I am sure you believe it is inadequate. Your actions have repeatedly shown you do.

At similar meetings of this organization in 1958, 1959 and 1960, your delegates adopted resolutions urging increases in the support price for manufactured milk to around 20 cents a hundredweight above the 75 percent

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of parity minimum provided in the law. In the 1960 session of the Congress, this Federation helped secure passage of the bill introduced by President Kennedy--then Senator--to accomplish what your resolution sought.

After this Administration came into office, we raised dairy supports to \$3.40 a hundredweight--and brought additional income to dairy producers. Your convention in Seattle declared in November 1961 that "The minimum price support for manufactured milk should not drop below \$3.40 per hundredweight at this time."

But even as we were seeking to improve dairy income through this route, dramatic changes were taking place which eventually blocked the road. Milk production increased, but hardly more than our population growth normally would have consumed. Milk consumption, however, declined through commercial channels by more than one percent, and dairy stocks began to climb at a rapid rate.

During the marketing year in 1961, the Department purchased nearly 10 percent of all butterfat and 13 percent of all non-fat milk solids marketed by farmers in milk and cream. We spent about \$600 million--or ^{than} more/double the average yearly cost of dairy support purchases in the past decade.

As Secretary, the law left me no other choice than to reduce dairy supports to the 75 percent minimum. Even at this level, the cost of the program will likely be around \$530 million as production remains high and we anticipate purchases of about the same quantity of dairy products as last year.

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Thus, 75 percent of parity is not enough for the dairy farmer ... and it is not good enough for the consumer and taxpayer.

Our purchases of butter during this marketing year will just about equal the 435 million pounds we purchased last year. The uncommitted stocks of butter held by the Commodity Credit Corporation now total 347 million pounds. Storage space is short, and despite the most strenuous efforts to use this butter in domestic and Food for Peace programs, the surplus continues to mount.

We also have a serious, although less pressing, situation in non-fat dry milk. Our stocks today are close to the record level of almost 600 million pounds, even after we have increased non-commercial use at home by 55 percent and expanded our Food for Peace distribution by 31 percent.

If we remain bound by the present dairy legislation, then we are creating a situation which spells danger to us all ... and for the very simple reason that the American people will not permit the situation to continue indefinitely.

Nor do we want to see the present trend continue since it does not meet the primary objective of better income opportunities for the dairy farmer ... or the goals of reducing dairy surpluses and of bringing program costs down. Even if we had the political strength to maintain such a program, we could not do it as responsible individuals.

But as a practical matter we do not have the political muscle to continue the present program for long. The election a week ago made that

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clear. This was the first election following the 1960 census, and it brought 19 new House seats to urban and city areas ... 19 seats which were taken from primarily rural areas. I think we are particularly fortunate that most of those persons elected to these new seats are likely to be sympathetic to the problems of the dairy industry, but their sympathy comes from a desire to see problems solved and not from the fact that their neighbors are dairy farmers.

I believe they share the Administration's concern that dairy farm income based on 75 percent of parity is not enough. I believe that the Congress will support legislation to achieve your recommendation that dairy supports should be higher than the minimum level. But some/^{way}other than the present program must be found if we are serious about raising dairy income above the level produced by a 75 percent of parity floor.

You and the other dairy organizations as well as the Department of Agriculture have a responsibility to dairy farmers to seek a workable method to do this ... to improve dairy income. Certainly the Congress will not act positively if the leaders of the dairy industry do not act. And the dairy industry cannot act unless it begins to speak with a single tongue ... unless it can agree within itself on the programs to meet the problems which all of us recognize.

In the Department during this period before the new session of Congress begins, we are seeking to meet with as large a number of farm leaders representing as broad a coverage of the agricultural economy as possible. There is a constant stream of people in and out of the Department these days to meet with me and my staff to discuss, analyze, and propose

ideas and suggestions on important farm policy questions. I am here today because I want your advice. I want to work closely with the National Milk Producers Federation.

All of us recognize there are a number of things which can be done to strengthen dairying. A continued emphasis on promotion to expand consumption of dairy products is important ... and the new "pitcher" campaign of the dairy industry should produce excellent results towards this goal.

I am sure you welcomed, as I did, the recent announcement of the American Medical Association warning consumers that it is dangerous to change the consumption level of dairy products because of some alleged health benefits from other types of foods. Dairy producers are farmers, not medical men ... and they have refrained from pretending to be anything else. The AMA action will encourage others to cease their implied claims of medical knowledge. And I am sure the recent statements by the Food and Drug Administration that they will take a closer look at health claims in advertising will help bring to an end the fadism problems which has plagued the dairy industry in recent years.

More aggressive promotion, a clearer understanding among consumers as to who is the best source of advice on diet problems and a stronger effort by the Department to increase consumption outside normal commercial channels will help stimulate higher milk consumption.

In addition to these steps, there are other actions which the dairy farmer and his cooperative can take to increase dairy income. A substantial opportunity is available to improve net income by more efficient processing and marketing. Every dollar of waste or inefficiency that can be squeezed out of marketing margins for milk and dairy products can bring additional net income to the farmer.

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Many of you are familiar with the recent Wisconsin study which concluded that dairy cooperative members could increase their net incomes by 30 percent through more efficient organization, processing and handling. The Department is eager to help cooperatives along these lines.

I believe we could further expand the use of dried milk and other processed dairy products through the Food for Peace program, especially if we were able to make long-term commitments to other countries as to the amount of dairy products we could deliver over a given period of time for school milk, institutional and general food needs.

We have reached a stage in our food program where the abundance of the American farms have become the sinews of freedom which hold together the free and developing nations of the world. We should no more cease our food sharing than we could halt our programs of military and economic assistance. We are presently considering measures which can be taken to program dairy needs on a long-term basis through the Food for Peace program. We believe that the 32 million children in other countries who now have school milk programs are only a small percentage of those who need and could benefit by having more milk available.

But given the current trends in dairy output, we must recognize that all of these programs will not be adequate to meet the challenge. These programs to increase the use of milk and to process it more efficiently will not bring about the increase in dairy income -- or the decline in dairy surpluses -- which a 10 percent excess capacity now prevents.

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Once again, let me emphasize that 75 percent of parity is not adequate for the dairy farmer. New legislation will be required to lift the dairy farmer above the income floor on which he now finds himself.

There are presently a number of plans being discussed by dairy groups to accomplish this objective. At this point I urge none of them ... and I ask about all of them.

One such proposal is the plan advanced by this Administration in the last session of Congress to give all dairy farmers an opportunity to choose between a program which would provide higher price supports coupled with a requirement that each producer reduce his production a certain percent ... or the open market with minimal price supports. It would require approval of two-thirds of the farmers voting in a referendum before going into effect.

Another proposal is the one embodied in the legislation advanced during the last session of the Congress in the Humphrey-McCarthy bill. This plan is similar to the Administration's earlier proposal, but it contains transitional provisions for farmers to receive payments for reduced production during the two years following its enactment. There are many variations of this proposal, but all are basically a surplus reduction program similar in application to the current feed grain programs. In this, the dairy farmer may reduce his production in return for higher supports and diversion payments on the amount of milk cut from production.

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A third proposal which has been made is the plan suggested by the National Farmers Union which would have the Department raise dairy supports to a level equal to 100 percent of parity through payments on manufacturing milk to producers who would market no more than their 1961-62 production.

There are a number of other proposals, some of which combine various elements of these three plans and others which would affect only one or a few dairy products. All contain elements which are attractive to some producers and some dairy groups, and all have their advocates in varying degrees of intensity.

I commend them all to you for your consideration, and I am here to listen to what you have to say about them. I hope I have made it clear that I am open minded, a complete pragmatist with one thought at this time. Let me repeat that thought -- what will work? What will reach our goal of better income opportunities for the dairy farmer?

I am not satisfied with dairy farm income at a level produced by a support price of 75 percent of parity. The present dairy legislation gives the Secretary of Agriculture no other alternative at present. I want something better. I want to see dairy income go up, and dairy surpluses go down ... and bring costs down.

The question before the dairy farmer and the dairy industry is to find the kind of program that will do these things.

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The dairy farmer is looking to us to find the answer that will work. We should reflect soberly on whether a program involving such heavy costs can afford truly effective and dependable protection against lower dairy income. I am here to seek to speak with you in a common tongue ... and to seek a common course of action before time runs out.

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U.S. Department of Agriculture
Office of the Secretary

1962 I deeply appreciate the invitation to meet with you leaders of the potato industry. I am keenly interested in your industry, its accomplishments, and its problems. And I have a high regard for this organization. You are a responsible body representing a major agricultural group. When the representatives of an industry sit down and discuss mutual problems in search of sound solutions as you are doing, this is in keeping with our finest American tradition.

Potatoes are such a major staple item in the American diet that we have a tendency to take them for granted. So far as supply is concerned, we are almost able to take potatoes for granted -- in contrast to the people of some other lands who periodically have to worry about shortages or even about a potato famine.

Potato producers have been outstanding in quickly taking advantage of the technological progress made possible through research -- including the mechanization of production.

In processing and merchandising, too, major strides have been made in the past 30 years. In food stores everywhere, consumers may buy fresh potatoes of different sizes, frozen potatoes, canned potatoes, potato chips, French fried potatoes, hashed brown potatoes, dried dehydrated potatoes. This is indeed a remarkable change from the limited choice of 30 years ago. As a result, per capita consumption of potatoes has increased from about 102 pounds in 1952 to more than 110 pounds in 1961.

Remarks by Secretary of Agriculture Orville L. Freeman before Annual Meeting of National Potato Council, Washington Hotel, Washington, D. C., 4 p.m., November 13, 1962.

The U. S. Department of Agriculture, as you know, has helped the potato industry write this record of progress -- and is continuing to do so.

Packaging, cooling, and other storage and transportation practices introduced through USDA research hold down handling costs and protect the quality of potatoes in marketing channels all over the country. We have two field stations constantly at work seeking to improve potato handling and reduce spoilage. One is at East Grand Forks, Minnesota, and the other at Presque Isle, Maine.

Yet, despite all this progress on the farm and in processing and distribution, producers are still plagued periodically by depressed prices due to overabundant supplies.

Here again we offer several forms of aid. The Plentiful Foods Program supports your own merchandising efforts by getting out the word that potatoes are a good buy to all segments of the grocery and restaurant trades and to consumers all the way from Maine to California. The Plentiful Foods Program does unquestionably help move more potatoes through normal channels of trade.

The National School Lunch Program provides a sizable market for potatoes. Schools participating in this program will serve complete noon meals to some 15 million children this year. It takes about 150 carloads of potatoes to provide just one lunch serving for all 15 million youngsters.

The potato industry benefits also from the Food Stamp Program. We started this program in 1961 in eight pilot areas. It proved so successful that now we are expanding it into 25 additional regions. Our

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surveys of stores participating in the program indicate that it increased food sales, measured in dollars, by 8 percent. In Detroit the retail value of potatoes and potato products consumed by recipients of food coupons increased by more than 20 percent. Even among rural participants, who are already large consumers of potatoes, our survey in Fayette County, Pennsylvania, indicated that the retail value of potato consumption more than held its own in Food Stamp stores.

These aids to your industry are helpful, but, unfortunately, they do not solve the basic problem -- which is one of managing potato supplies in the best interests of the entire industry and the American people. Overabundance is good for neither. In the short run, it may seem advantageous to consumers -- but in the long run it works against them, too, because it is a waste of resources. As for producers squeezed between rising costs and falling prices -- overabundance is quickly translated into economic distress.

A fair income for potato growers should be an objective of the entire industry. The achievement of this objective is a challenge for the entire potato industry.

Last December, just before the appointment of the National Potato Advisory Committee, I called attention to the fact that the best interests of both the producers and the consuming public made it necessary to develop an effective program for dealing with the perennial potato problem. The National Potato Advisory Committee began its meetings last January. It recommended a two-prong approach to the problems. One prong was an acreage allotment program with penalties for overplanting. The other was a national

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market order for potatoes. This two-prong approach was designed to overcome the major problem we have had with potato programs in the past. The acreage allotment program would roughly adjust production to demand. But if sharp increases in yields threatened to undermine the success of the acreage allotments -- an eventuality which actually wrecked the potato programs of some years ago -- the national marketing order could be used to limit the supplies going to market.

We in the Department were sympathetic with this two-prong approach. The difficulty was that legislation had to be passed before either part of the proposed program could be put into effect. Bills were introduced, but we were not able to procure the required legislation this year.

You of the potato industry have had a hard time during most of 1961 and 1962. You are still facing hard times. We are concerned. And I assure you we will do all we can to help you get the kind of program you need.

As you know, the National Potato Advisory Committee meets again the day after tomorrow. We will await with interest that Committee's review of the legislative proposals and its recommendations.

Effective answers to your problems will not be easy to put into operation. Even to reach agreement on the answers is difficult. But, if six nations in Western Europe, with a history of centuries of armed conflict among them, can get together and work out a mutually satisfactory long-range economic and social development program, I am confident that the American potato industry should be able to do as well in solving its problems.

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The mark of maturity and vigor in any democratic body is its ability to engage in forceful debate on issues of importance, and, after decisions are reached, to unify behind them.

I am sure you of the National Potato Council have that maturity.

As you work toward constructive solutions to your problems, we in the Department of Agriculture will continue to do everything in our power to help you.

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10.13.1962

CHALLENGE OF THE SECOND CENTURY

I am grateful for this opportunity to speak to the agricultural division of this association, for I believe that in this Centennial year there are new opportunities and bigger challenges for your schools than at any time since President Lincoln established our system of land grant institutions.

In the century of progress which we together are celebrating this year, the Land Grant colleges and universities have become great educational institutions, revered....and copied....the world over.

The experiment to determine if schools of higher education could develop with a problem-solving orientation has proved successful....perhaps more successful than anyone could have hoped.

Nowhere in the world has the man on the soil....the most conservative, questioning and cautious person of all....become so quick to adapt new knowledge and new techniques as has the American farmer. Proper credit for this accomplishment belongs with the Land Grant institutions which developed through the Extension service the techniques to help the man on the soil become a more productive and successful farmer.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman to the American Association of Land Grant Colleges and Universities, Statler Hilton Hotel, Washington D.C., at 2 p.m. (EST) November 13, 1962.

This direct application of research, combined with the training and education which the sons and daughters of the farmers received in the Land Grant institutions, is one of the major factors in the unrivalled productive accomplishments of American agriculture.

Having met the challenge of providing adequate food and fiber for all citizens, the Land Grant Colleges and Universities -- particularly the agricultural schools -- now face another and more disturbing challenge.

We have been so concerned with farm commodities that we have almost forgotten about rural communities. Each year we find better ways of producing more wheat and corn....of marketing food....of developing new and better breeds of livestock and poultry. This is all to the good. We must go forward in research and technology. We want American agriculture to become even more efficient.

But in the process we all too often overlook the needs of people, the needs of rural communities. We have overlooked....or politely ignoredthe fact that as American agriculture became the productive miracle of the world, rural America began to slide backwards. I want to make it perfectly clear that the threat to rural America has not arisen from the technological and scientific success which has characterized agriculture, but from the failure to direct the changes growing out of that progress to meet the real needs and wants of the people.

The new challenge for the Land-Grant institutions is to channel their magnificent abilities to the needs of community organization....to begin tapping new resources to raise the standard of living in the rural community.

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The need for more food is no longer a problem....but the need for new income is.

Here in the Department we have taken a long and serious look at what is happening in the rural community. Today, two out of every five Americans live in areas that are essentially rural, either on farms or in towns and small cities that draw their lifeblood from the countryside. These 76 million Americans live in an area gripped by quiet crisis.

Farm population and farm income have been dropping rapidly. And with its economic mainstay in trouble, the rural community shows signs of trouble. Over half of our poverty is in rural areas. Educational opportunities lag behind those in our cities. Job opportunities are inadequate, and underemployment is so great that it is the equivalent of around four million people unemployed.

This means that we must be as concerned with our communities as we have been with our commodities. Agricultural educators and technicians -- those who have led our nation to world pre-eminence in food and fiber production -- must now set forth toward new horizons.

It is our responsibility to bring new resources to the rural community. Here in the Department we have reorganized, we have sought and secured new legislation and we are vigorously working to mobilize the resources, the vitality and the determination of people in the local community through the Rural Areas Development program.

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It is a program where the skills and experience represented by our agricultural colleges are essential. The unique resources that are present on your campuses -- the technical and developmental skills, the research facilities, the communication abilities and channels -- all are indispensable if the local communities in your states are to realize the full opportunities which this program represents. These are resources which have brought great achievement to your states and to the agricultural economy.

I urge you to direct all possible energies and enthusiasm to the goals of Rural Areas Development. I recognize that some colleges and universities have already made impressive starts in this direction, but I believe the situation demands a massive, coordinated full-scale effort from us, from you and from local leaders.

At the community level we are building vigorous organizations in rural counties throughout the nation. At present, more than 50,000 people in rural areas are giving of their energy, talent and time to Rural Areas Development.

To make the services of the Department more effective in this program, I have reorganized it to place under one leader -- the Assistant Secretary for Rural Development and Conservation -- the Farmer Cooperative Service, the Farmers Home Administration, the Forest Service, the Office of Rural Areas Development, the Rural Electrification Administration, and the Soil Conservation Service. This is a grouping -- a packaging -- of important development and conservation services to enable the Department to function more effectively.

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And I am happy to report to you that the Congress has provided new and important tools for use in revitalizing the countryside.

Some of these are in the Food and Agriculture Act of 1962. Some are in the Senior Citizens Housing Act of 1962, authorizing the Farmers Home Administration to make loans to provide low and moderate cost rental housing and related facilities for elderly persons and families in rural areas.

Other new tools are in the Public Works Acceleration Act.

Also, the Food and Agriculture Act of 1962 gives the Department authority to aid rural people in a new long-range program for putting the land we don't need for crops into new and profitable uses, including a great expansion of outdoor recreation for all Americans.

Permit me to briefly describe some of these new authorities.

USDA now can enter into agreements up to 10 years with farmers and ranchers to carry out long-range conservation plans. These agreements will provide for cost-sharing and other help for changes in cropping systems and land use, and for development of soil, forest, wildlife and recreation resources. This includes land on which conservation reserve contracts are expiring.

The Department has authority to assist State and local public agencies designated by the Governor or the State Legislature to carry out land use plans. Federal loans, repayable within 30 years, can be made to the designated State and local agencies.

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In Small Watershed Projects, the Department now may share with agencies of the State up to one-half of the cost of land, easements, and rights-of-way for reservoir or other areas to be managed by State and local agencies for public recreation. Cost-sharing also may be made available for providing sanitary and other facilities needed for recreation. State fish, wildlife, and park agencies are eligible for help. So are counties, municipalities, and special purpose districts created by or under provisions of State legislation.

The Department may now advance funds to local organizations for immediate purchase of lands, easements, and rights-of-way to prevent encroachment of other developments in Small Watershed Projects.

The Department now may aid local organizations in developing water supply for future use in Small Watershed Projects. USDA can pay up to 30 percent of the total cost of a reservoir to store water for future municipal or industrial use.

For the first time, the Department through the Farmers Home Administration can make loans to individual farmers for development of outdoor recreation. The owner-operator of a family-size farm may borrow up to \$60,000 for fish ponds, hunting preserves, construction of cabins, picnic and camping areas, and other facilities for outdoor recreation. Operating loans up to \$35,000 also are available to owner-operators and to farm tenants for operation of recreational facilities.

FHA also may make loans up to \$1 million dollars to aid associations serving farmers and other rural families to make changes in land use,

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including the development of recreational facilities.

With these new tools, the Department can assist local agencies in planning and carrying out Rural Renewal Projects, Resource Conservation and Development Projects, Watershed Recreation Developments, creation of water supply for future needs, projects for expanding grasslands and family forests, and for the development of outdoor recreation facilities on farm land.

The Department looks to local people to initiate, to plan, and to carry out these projects in cooperation with local and State agencies, just as it does in its long-established conservation and development programs for other privately-owned land.

I believe that the record of achievement which the Land Grant institutions have written in the first century of agricultural progress is impressive evidence that the same skills, devotion and energy can create a new and promising future for the rural community.

We have always prided ourselves that we can solve problems...we know the rural community is in trouble, and that those who live there...and want to continue living there...are in trouble.

The problem is clear enough...and now we must find the way to its solution.

You can help lead the way.. and give new scope and dimension to the Land-Grant institutions in the process.

You can grow with new responsibility.

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PARTNERSHIP: PEOPLE AND GOVERNMENT

13, 1962

I am happy to have this opportunity to speak -- once again -- at a biennial Congress of the Cooperative League of the U.S.A. A little more than four years ago, in September, 1958, I had the privilege, as Governor of one of the most cooperative states in the Nation, of welcoming the Congress to the State of Minnesota, then celebrating its centennial year.

By some coincidence, we are this year, as I welcome you to Washington, observing the centennial of the United States Department of Agriculture. We are, in that observance, paying tribute to a century of progress in which the USDA, in cooperation with the states, with land-grant colleges, and with the people themselves have worked together to bring about the most efficient and bountiful productivity of food and fiber that the world has ever known.

We are looking forward to a new century -- a century of even greater problems, and even greater promise. We face new challenges today, and we must -- in many instances -- seek new solutions. In our efforts to meet the challenges that lie ahead we must be prepared to break new ground and try new methods when such are necessary to solve new problems. And we must also make full use of those principles and practices that have proved their value in the past and that promise much for the future.

Address by Secretary of Agriculture Orville L. Freeman before the Biennial Congress of the Cooperative League of the U.S.A. at the International Inn, Washington, D. C., November 13, 1962, at 10:00 a.m. (EST)

I am asking you today to consider one such principle, and to explore with me the question as to how this principle might apply to the new frontiers that lie ahead. The principle to which I refer is that of partnership between people and government.

In a very real sense, this principle is an integral part of American political philosophy. It is based on no complicated "ism" or ideology. It reflects both the spirit of self-reliance and the ideal of democracy. It involves voluntary cooperation based on incentive rather than authoritarian dictatorship. It implies an equitable sharing of both responsibility and reward.

Cooperatives are, of course, founded upon a broad principle of partnership -- partnership among members, and with each other. But I have sometimes felt acutely aware of an attitude, on the part of many in the cooperative movement, of reluctance to consider partnership with government, of fear of getting "mixed up" with politics. Important and critical issues on occasion are ducked -- not faced because they are alleged to be political when the real reason is that they are controversial. I don't know whether this is symbolic or not, but I am told that this is the first time that the Cooperative League of the United States of America has ever held its Congress in the Nation's capital!

Yet cooperatives -- like other forms of private enterprise in the United States -- have made great progress as a direct result of partnership with government. One of the most dramatic examples of such successful partnership is in the field of rural electrification. Another is in the field

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of farm credit. In both of these areas government action provided stimulus, encouragement, and credit to give impetus to action by the people through cooperatives, to provide themselves with a much needed service. In both of these examples there are built-in provisions for the repayment of credit advanced by the government, and for ownership and control by the people. There is a sharing of both responsibility and reward.

The principle of partnership between people and government is one that is indispensable in the programs and policies administered by the Department of Agriculture. Our programs for supply management are carried out principally in partnership with individual farmers. Much of our tremendously important research programs are carried out in partnership with educational institutions. Milk marketing orders and agreements involve partnership between government and cooperatives or other handlers. Numerous programs ranging from the grading of food products to the storage of grain involve partnership with business.

I believe we have only begun to tap the potential for progress that might be achieved through partnership between government and cooperatives, particularly in three fields of activity in which I am deeply interested. And therefore I ask that you give serious thought to how we might develop, improve or expand cooperation in these fields. I do not propose, here, to tell you how it might be done. Rather,

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in a true spirit of partnership, I ask that you explore with us the possibilities, the potential, and respective responsibilities in these three areas.

The first problem involves farm income in its relationship to the rest of the economy, with particular emphasis on the growing spread between what the farmer receives and what the consumer pays. You all know that average incomes on our farms are substantially lower than those of the non-farm population. You know that it is our policy to develop programs directed toward the goal of equality of economic opportunity for the efficient American family farm. We have made substantial progress in the past two years toward that goal. Net farm income is up over a billion dollars, \$373 per farm on most types of farms. But we still have a long way to go for farm income is only 59 percent of non-farm income.

The farmers of this nation have provided our consumers with better food at lower real cost than ever before in history in any part of the world. Yet out of this payment by consumers the farmer receives only 38 cents out of every dollar. We know that this widening spread is due -- in part -- to such factors as the increasing use, by the consumer, of foods which have been processed for greater convenience. I am pretty sure that it is also partly due to the weakness in the market place of the individual farmer -- to his lack of bargaining power.

This fact, I think, represent a challenge to both cooperatives and government. A primary purpose of farmer cooperatives is to increase that bargaining power. Yet it is only in the case of a few specialty crops

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that cooperatives have been able to expand far enough in the direction of the consumer market to increase effectively the share of the consumer's dollar received by the farmer.

What can we do, government and cooperatives, on a partnership basis, to help solve this problem -- to help increase farm income without exploitation of the consumer? What kinds of research do we need? What additional forms of cooperative organization could the farmer develop to help? Can farmer cooperatives contribute more to the solution of the farm-income problems than they are now doing? And can they do this without consumer exploitation? Is there an area of cooperation between farmer and consumer cooperatives that can bring farmers and consumers closer together? In what ways can government provide assistance and encouragement?

These are some of the important questions I believe we should explore. For a few major farm commodities that have been in greatest surplus, the United States has put into effect supply management programs directed by the National Government. Farmers have, in the main, overwhelmingly agreed to act in partnership with government to limit production. With regard to many other commodities similar problems lie ahead. To the extent that the farm income problem can be solved by voluntary action by farmers through their cooperatives, no one would be happier than the Secretary of Agriculture.

The second field that calls for a high degree of voluntary cooperation and partnership lies in what we call our Rural Areas Development program.

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We in the Department of Agriculture have taken a serious look at what is happening in rural America today. We find that two out of five Americans today live in areas that are essentially rural in their nature, either on farms or in towns and small cities that draw their economic life-blood from the countryside. These 76 million Americans live in areas that face a crisis brought about by the same technological and scientific progress that made American agriculture the productive miracle of the world. But I would make it perfectly clear that the threat to rural America does not lie in scientific and technological progress itself, but rather in a failure to direct the changes growing out of that progress to meet the real needs and wants of the people.

Farm population and farm income have been dropping rapidly. With its major economic mainstay in trouble, rural America began to slide backward. Today more than half of our poverty is in rural areas. Educational opportunities lag behind those in our cities. Job opportunities are inadequate, and underemployment in the rural areas is so great that it is the equivalent of around four million unemployed.

This has happened in a country that has produced an abundance of food and fiber never before seen in the world, in the richest and most affluent society in the world. The sound and fury over the management and use of agricultural abundance has too often obscured the plight of people, and the plight of rural communities. Concern has centered on commodities -- instead of communities.

It is to meet this challenge that the Department of Agriculture has been reorganized, new legislation has been sought and obtained, and vigorous efforts are being made to mobilize the resources, the vitality and the determination of the people to revitalize rural America.

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Our Rural Areas Development program is a blending and coordination of all available programs involving conservation, credit, industrial development, recreation, education and other public services -- in a long-range simultaneous attack on the problems of rural America. We are determined to maximize our use of existing programs, and we have sought and obtained new tools, to achieve our goals.

These tools include a broad range of new authorities. The Farmers Home Administration of USDA, for example, is now authorized to make loans to provide low and moderate cost rental housing and related facilities for elderly persons and families in rural areas. Work projects to provide new jobs in financially hard-pressed rural areas are possible under the Public Works Acceleration Act, and our Department has a massive backlog of such projects ready to go. USDA can now enter into agreements with farmers for up to 10 years to carry out long-range conservation plans, to share in the cost of programs to develop better land use and wildlife and recreation resources. Loans, repayable within 30 years, can be made to assist State and local public agencies to carry out land use plans. Recreational facilities have been added as appropriate features of watershed development programs. Operating loans are available to farmers for recreational facilities.

The Federal government is thus prepared to provide incentives, advice, encouragement, and technical services for a well-rounded program to revitalize and develop rural America. But the ultimate success of this rural area development is -- and must be -- the responsibility of local people. The impetus and the drive must come from them. This challenge to the leadership of rural America today offers to the cooperative movement tremendous opportunity for service and for growth -- in partnership with government.

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Successful partnership in this program will benefit all Americans. It is directed toward a land of prosperous farms and thriving towns, where people may choose to earn a living, not only by producing food and fiber, but also from among a number of attractive alternatives that result from building new enterprises and creating new opportunities. It offers a potential for combining part-time employment with part-time agriculture to help to provide a good life for those many Americans who prefer to live in non-metropolitan areas. It offers decent housing and adequate living for the millions of senior citizens who live in greater proportions in our rural areas than in our cities. It can build communities in which health, education, and other public services are equal to the best we know how to provide.

It offers the development of resources for outdoor recreation of all kinds and in sufficient supply to meet the needs of our growing urban population, and the conservation of our soil and water resources to meet the needs of future generations.

This kind of rural America will add to the economic strength of the Nation. It will continue to make invaluable spiritual and social contributions to our national life. We can have this kind of rural America if we work together to preserve the real values of our heritage as we use the new science and technology to meet changing human needs. I can think of no effort toward which the principles, ideals and experiences of the cooperative movement are more appropriate.

The third area in which I ask you to consider activities in partnership with government is one in which I believe there has been substantial progress since I first spoke about it four years ago at another Congress of the Cooperative League. Back in September 1958, in Minneapolis, I expressed my conviction that cooperative principles and methods are especially appropriate in our efforts to

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help the underdeveloped parts of the world to help themselves to approach a higher standard of living. I suggested then:

"that we in the United States ought to intensify our efforts to develop people-to-people programs on a voluntary basis, by means of a technique that might be effectively carried out by cooperatives. I suggest a kind of interneship program on a large scale; a program under which selected and well-qualified young people would agree to spend a year or two, giving of the services for which they have been trained, in foreign areas where such services are needed; giving those services willingly and for little or no monetary reward; and living under conditions roughly comparable to those of the people with whom they work."

At that time, in the absence of a national government program encompassing this same vision that has since materialized in the Peace Corps, I suggested that cooperatives themselves, on their own, might:

"select and train young people for such an interneship in foreign areas and finance their years of service. The young men and women who participated in such a program would gain invaluable experience and understanding. The groups that sponsored them would gain from their reports a first hand understanding, and a feeling of community of interest that can arise in no other way than direct personal contact."

I believe now, as I stated then, that "if carried out wisely the good will and international understanding that could be thus developed might exceed our greatest expectations."

The hope that I expressed four years ago, "that the policies of our national government will be increasingly channelled in this direction," has been met. You are now in partnership with government in the training of volunteers for the Peace Corps. You are in partnership with government, through numerous contracts with the Agency for International Development,

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in building cooperatives in many of the emerging nations. In this effort which is the direct responsibility of another Department of the Federal Government, the Department of Agriculture is also a partner, if only because most of the emerging nations of the world that need this kind of assistance are primarily agricultural and have urgent need for the resources of know-how and experience that reside in USDA.

I would conclude my comments on this area of partnership with government, first, by expressing appreciation for your efforts and achievements, and second, by emphasizing the urgent importance of expanding and intensifying such efforts as rapidly and effectively as possible. I believe that cooperatives have a tremendous contribution to make to social and economic progress in underdeveloped areas. In many cases you may be able to stimulate and encourage local participation more effectively than could be done by any strictly governmental agency. In some instances your activities could be more easily accepted, on a people-to-people basis, than those of a foreign government.

I urge you to approach this whole field with vigor and imagination. Your responsibilities as partners with government include the development of public understanding and support for this Nation's foreign assistance program. I believe that they also include the mobilization of private resources for investment in world economic progress, in addition to your participation in the use of public resources.

The cooperative movement has only begun to make its contribution to human freedom. There lie within the cooperatives and credit unions of this nation resources of ability, organization, experience and conviction that

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can help the people of emerging nations to produce more and better food, to develop more adequate systems of processing and more effective and equitable distribution, to build institutions to provide for credit, to achieve better housing and better health -- in other words -- to achieve both economic growth and higher standards of living within the framework of democracy and freedom.

In partnership with government, new and improved methods of providing such assistance are being developed. We in the Department of Agriculture are gearing up to contribute our maximum in technical assistance to help the underdeveloped areas of the world. We are contributing Food for Peace, not only to relieve hunger and suffering, but to be used to further economic growth, as payment in kind for labor on projects to build new and essential enterprises, to construct schools and health centers. Last month I had the very real pleasure of noting the completion of a school that was built in a little village in Pakistan as the result of food we provided in accordance with a program that was launched when I visited with local leaders there less than a year ago.

The opportunities are unlimited. The need is great. The urgency is critical. Let's resolve to work together, in partnership with each other and with the millions of people in other parts of the world whose needs are so much greater and whose choice of freedom may depend on whether we can help them meet those needs.

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A POSITIVE AGRICULTURE POLICY

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I am pleased to once again welcome the State delegates and visitors to this annual conference concerned with where agriculture is, and where it is going. Last November I spoke about the actions this Administration was taking to reverse the unfavorable outlook for agriculture as it appeared in the fall of 1960. Because of these actions, farm income improved substantially and the trend toward heavy stock accumulation became a trend in the other direction.

We now know that net income from farming averaged \$373 higher per farm in 1961 as compared to 1960. Total net farm income increased \$1.1 billion in 1961 over 1960, and net incomes were higher on 27 of the 39 important types of commercial farms.

As we meet today, it also is clear that our farm production is in better balance with our markets and needs than for many years. We intend to continue our progress through adjustments in production towards attaining that balance -- and to maintain it.

I use the word "adjustments" advisedly. Adjustments in production mean changes up as well as down. Too often supply management has been interpreted as a single dimension approach to agriculture....it has been

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman to the 40th Annual National Agricultural Outlook Conference, Jefferson Auditorium, U. S. Department of Agriculture, Washington, D.C., 9:30 a.m. (EST) Tuesday, Nov. 13, 1962.

discussed as meaning only cutbacks and restrictions on production. Supply Management has many facets...it is a positive policy for agriculture.

It can be used to expand production to meet increased needs as well as to reduce production to avoid surpluses. It not only can be so used... it has been used for this purpose.

Let me illustrate with soybeans. Last year, my first as Secretary, I found that a short supply situation had developed in soybeans. Stocks were being reduced. At the beginning of the 1961 crop year, only some 6 million bushels were in storage, roughly 1 percent of the nation's annual requirements. There was considerable speculation which pushed market prices to as high as \$3.50 a bushel, considerably above the support price of \$1.85 a bushel for the 1960 crop. Little of this inflated price ever reached the farmer. And we were losing foreign markets and dollar sales at a time when a higher level of exports would have helped reduce our balance of payments deficit.

At the time this short supply situation was developing in soybeans, we were adding about 350 million bushels of feed grains to an already heavy surplus. This grain was being produced on land that could be used for soybeans.

In February 1961, the Secretary of Agriculture took action to increase the support price on soybeans for the 1961 crop to \$2.30 a bushel. The purpose was two-fold...to increase farm income...and to divert land from production of feed grains to soybeans.

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This action was bitterly criticized. I was charged with creating a surplus where none existed...and with choking off exports because of higher prices.

But what are the results? Look at the record.

Farmers received higher prices for a substantial increase in production. Farm income from the 1961 soybean crop was \$400 million higher than in 1960, and farmers are getting almost that much from the 1962 crop.

Exports of soybeans, soybean oil and soybean meal rose to record levels.

Domestic use of soybeans also reached a new high.

Carryover reserve stocks of soybeans into the 1962 crop year were brought up to about one month's supply, or between 55 and 60 million bushels. We expect stocks at the end of the current season to be at about the same level. This means that the entire 1962 crop will go to market.

The soybean programs in 1961 and 1962 increased production of a commodity in short supply; provided a more adequate reserve of a vital product; increased income to farmers; expanded foreign markets to earn more trade dollars; and contributed to a reduction of surpluses of feed grains.

This is supply management in the positive sense.

Another aspect of supply management was brought sharply into focus by the tense international situation of the past few weeks. This has not received the recognition it deserves.

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Our supply management program must be geared to maintain reserves of food and fiber adequate for any emergency. To do less in these times is to put our national existence in jeopardy.

Such a policy requires us to think in terms as broad as the Cold War or even nuclear attack. This is a far different matter than a policy limited to maintaining stocks for normal commercial and concessional needs only.

Crises breed abnormal demands and abnormal requirements.

What kind of reserve policy should supply management include?

First, there are the needs of defense. We must maintain stocks of vital food and other farm products sufficient to enable us not only to survive attack but to survive until the productive capacity of agriculture is restored. Food stocks must be properly deployed. Further, feed-deficit states should have reserves of feed grains large enough to enable them to carry most dairy cattle and breeding stock to the next pasture season, and to carry meat animals and poultry long enough so that they could be used in an orderly manner.

Second, our reserve policy should enable us to meet the needs that would arise from a Korean type situation. Experience has shown that in such a situation demands for certain commodities would rise sharply, both here and abroad. Following the Korean outbreak, prices of cotton and oil-seeds rose 40 to 50 percent. It is a matter of prudence to hold reserves which will meet legitimate needs and at the same time enhance the prospects for price stabilization.

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Third, we need reserves to protect us from the reduction in production that could result from a run of bad weather. In the event of such a development, reserves could permit us to maintain commercial trade and meet our commitments for domestic and foreign food distribution programs.

Fourth, food is an instrument of American compassion and humanitarianism... of American foreign policy as it seeks to help developing nations create free institutions which are basic to the growth of strong and prosperous free societies. This is an increasingly important part of the task for American agriculture. Thus, included on the scale of balanced reserve is an adequate supply of food and fiber to support a dynamic and meaningful Food for Peace program.

Certainly, these considerations prompt a different view of adequate or desirable stock levels than would be the case if only normal commercial requirements were to be provided for.

In the case of wheat we might well have as a continuing goal a carryover position which would exceed 600 million bushels. Of course, the carryover at the beginning of this season was more than twice that level.

For feed grains, a reserve level of over 45 million tons would be well justified. As of the beginning of this season, the carryover was 71 million tons but this will likely be reduced to 57 million by the end of the season.

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For cotton, a carryover of somewhat over 6 million bales seems desirable. The actual carryover was 7.8 million bales at the beginning of the current season but is expected to go up to 9.0 million by the beginning of next season.

On the other hand, stock levels for some other commodities -- such as soybeans and dry edible beans -- are perhaps too low to provide for the kinds of emergency conditions we might face.

The point is that the supply management concept is broad enough to embrace the needs for maintaining such reserves. In some instances supplies, such as grains, are still much greater than we need for reserves. But our supply management program is reducing these stocks and the time of balance is approaching.

Only a few weeks ago, when this nation moved to meet the challenge to its security, our abundance of food and fibers sufficient to meet foreseeable needs was one of our greatest sources of strength. Food stocks today are 50 percent higher than they were when the Korean conflict began. Our efficient agriculture can meet any demands put on it. This is in sharp contrast to the agriculture of almost every Communist nation today. We do not intend to jeopardize this tremendous advantage.

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To the extent that we carry stocks and encourage production to fulfill the broader responsibilities of agriculture in its modern role, the costs which result are most emphatically not a subsidy or even a proper charge to the American farmer. They are a proper and necessary investment made for the well being and security of the whole nation, and logically should be carried as part of the cost of national security -- and so labeled in the budgeting process.

But whatever accounting procedure is followed, the American people in all fairness ought to understand that agriculture costs are expenditures in their long-term interests both at home and abroad. It is our responsibility to make this fact clearly evident.

I believe we have made some progress towards this end, and as we progress towards an improved balance between supply and demand..towards our twin goals of strengthening farm income and reducing government costs... this understanding of agriculture's different roles will increase.

There is one further aspect of the agricultural outlook that I want to touch on before closing. This year has seen the launching of an unprecedented effort in agriculture to develop alternative sources of income in rural America...sources in addition to the historic commodity income. In this way we believe we can increase the standard of living throughout the rural community.

This is the first new thrust in American farm policy since the 1930's. It combines a host of new tools for creating new economic opportunity in

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rural areas which the Congress enacted this year with a reorganization and reorientation of the agencies within the Department which are most concerned with the resources and the residents of rural America...it combines all these things into a program for Rural Areas Development.

This has been one of the major efforts of the Department over the past two years, building first a vigorous rural development organization in the rural counties throughout the country, then reorganizing key agencies in the Department under one Assistant Secretary... and then working to obtain new legislative authority to carry out this effort to revitalize rural communities.

New legislation has given us effective tools for developing this program. The Area Redevelopment Administration, created in 1961 by the Congress, enables the Department to help rural communities obtain loans and grants to develop new industry, build community facilities and carry out training programs to teach new skills.

The Congress this year, for the first time, recognized recreation as a national objective for the Department's programs...recognizing, in effect, that rural resources should be encouraged to produce those things which are the most scarce in modern society. We no longer need to worry about our ability to grow food, but we should be concerned that recreational opportunities which an urban society demands are growing increasingly scarce.

The Congress enacted a true multiple-purpose concept in the use of private lands in the authority it gave the Department to enter into

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cost-sharing agreements with individual farmers to develop wildlife and recreational resources as well as soil, water and forest.

The Congress authorized us to provide loans of up to 30 years to help finance rural renewal projects which will be similar in scope and purpose in rural areas to the urban renewal program which now is revitalizing the decaying center cities throughout the country.

It also authorized us to include recreational development and the future industrial and community water needs as goals in cost-sharing on watershed development.

There are many other new instruments which are available for the people of rural America to use in building a more promising future..more than I can cover in my time here today.

My purpose in giving you this brief description is to emphasize that the outlook for rural America from this time on will depend on other factors than what is happening or will happen in commodities.

We are serious about this new program...we intend to see that it works for we believe that the answer to rural poverty is not to move it to cities or urban areas, but to bring new resources and new opportunity to the rural community.

Too many proposals calling for economic development are in reality proposals for economic destruction of the rural community.

The Department rejects these proposals...we seek an improved outlook for rural America...and we believe we will succeed.

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U. S. Department of Agriculture
Office of the Secretary

11/14/62

I have come here to be with you at your 96th annual convention for three specific reasons. The first is to express my gratitude to the National Grange for the outstanding leadership it is giving to agriculture, particularly through the contributions of such men as Herschel Newsom... Harry Caldwell...and Lars Nelson. The second is to counsel with you once again as we have done so closely over the past two years on farm legislation to come. And the third is to discuss with you a challenge being made to the programs you have helped to develop, and which we together have worked to enact because we believe they will help the farmer and the country.

I can recall no association in my brief role as Secretary of Agriculture which has been more enjoyable than the opportunity I have had to work with Herschel Newsom, Master of the National Grange. He led the Grange in active support of the Trade Expansion legislation, recognizing it would give us the vital instruments needed to maintain and expand our farm export markets in Europe as the Common Market develops. He embodies the soul of the Grange in its understanding that reasonable compromise...to recognize needs and reality without sacrificing principle, purpose or direction...can bring progress to agriculture. His readiness to work with others who also seek to strengthen agriculture has contributed enormously to the progress we have made these past two years.

Address by Secretary of Agriculture Orville L. Freeman before the National Grange, Fort Wayne Hotel, Fort Wayne, Indiana, November 14, 1962, 8:00 p.m. (CST).

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I am sure you can recall the situation in agriculture which existed in the winter of 1960 and early 1961. Farm income had fallen to its lowest level since the 1930's in relation to the rest of the economy. Surpluses in wheat and feed grains were at the highest levels in history...and it was clear they would increase further unless immediate action was taken. There was a pall and gloom over the rural community that you could feel...and see in the faces of farmers.

It was no time for timid leadership or weak effort. That first year, with the support of the Grange, we began to roll back the pessimism. An emergency feed grain program was enacted...and then extended for another year. A temporary wheat program also was enacted...and this year the wheat program which the Grange has sought for a decade was put on the books. This year also saw the first new thrust in farm policy in three decades through the Rural Areas Development program to bring new resources to rural America...to rebuild and revitalize the rural community and to reverse the decline in the rural economy.

The results of our work is now tangible, measureable progress. Net farm income increased \$1.1 billion in 1961 over 1960, and net income per farm increased \$373. We can see ahead to 1964 and the reduction of feed grain supplies to levels needed for security and stabilization reserves. By the time the 1965 wheat crop is marketed, we could be in a similar position with this grain...our surpluses in feed grains and wheat are nearing an end. It is an achievement which two years ago most people felt could not be accomplished without disastrous results to agriculture.

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This success is in the tradition of the American farmer to work for goals which will produce beneficial results for agriculture and the whole economy. No single group has such a remarkable record of accomplishments as the American farmer. He is the unchallenged world leader in the production of food and fiber, and his productive genius has helped to give the American people the high standard of living they now enjoy. Our nation today eats better, and for less real cost, than do any people in any nation today... or in history.

His productive success, however, has not brought the farmer the economic reward to which he is entitled...and it is for this reason that you and I have spared no effort these past two years to correct the causes of this paradox.

But our success can only be considered the beginning...the first part of the race in which we catch our second wind for the more difficult days ahead.

As Herschel Newsom told you yesterday..."This is no time for timid leadership and weak effort." While we can see the way clearing ahead on the problems we faced in wheat and feed grains, we also recognize storm clouds over such commodities as milk and cotton.

I do not believe that the income of the dairy farmer based on price supports at 75 percent of parity is adequate...nor is it adequate for the consumer and taxpayer when the cost of the program rises to \$600 million a year without appreciably improving the economic position of the farmer.

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I also am concerned that our present cotton program is not geared to the reality of the world we live in. We need to improve the income of the cotton farmer while we increase the attractiveness of our cotton in domestic markets.

And while I feel more optimistic about feed grains today than I did 18 months ago, the farmer would be in a much stronger position if a new, permanent program were available to insure better price and income opportunities.

These are some of the problems facing the new Congress. It will be a Congress far different from any which has come to Washington before. The 1960 census saw to that. It will be a Congress more heavily weighted by urban and city interests. It will, I am certain, be sympathetic to the needs of agriculture...but agriculture will need to speak with a more unified voice if it is to be heard. If it speaks with a babble of voices, then I fear the Congress will be inclined to say that no one speaks for agriculture and nothing can be done to help those who cannot agree among themselves.

Since early this month, we have been hard at work in the Department conferring with farm groups and farm leaders. Each day a constant stream of visitors come to meet with me and my staff on farm programs and policies. We are analyzing, discussing and probing many ideas and suggestions with as wide a number of people representing as broad a cross section of agriculture as possible.

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The Department has a very pragmatic attitude towards farm programs... we need programs which will improve farm income and reduce surpluses... and save the taxpayers' money. If one program will do the job better than another, we support the program which will get the best results.

What you decide here during your convention will be given careful study and consideration...we are eager to hear your proposals for farm legislation. And I urge that you once again take the leadership in bringing a united front to the forces of progress for agriculture and the American farmer.

There is another effort which needs the active support and leadership of the National Grange. We will be bringing the new wheat certificate program enacted earlier this year to its first test in a referendum next year.

This is the Grange program, for you have supported and worked for a two-price plan for wheat for many years. Its historic roots go back to the 1920's -- to the several McNary-Haugen proposals. But the program we have today began to take shape in the early 1950's through the leadership of the National Grange, the wheat grower groups and others. In 1956, the Congress enacted essentially the same program as the "Domestic Parity" plan which provided marketing certificates on wheat used for food in domestic markets. This proposal was vetoed by President Eisenhower because it was part of a whole farm bill... and the veto was for reasons not connected with the wheat program itself.

The Wheat Certificate program which President Kennedy signed into law this year is a logical outgrowth of the Grange's "Domestic Parity" plan. The strong, unwavering support of the Grange was one of the key factors in its ultimate passage.

It contains the same production adjustment features in acreage allotments which have been used for many years, but it provides a flexible formula for determining allotments so that the annual needs of the wheat market are more accurately reflected than has been the case with a minimum 55 million acre national allotment.

It utilizes the Grange's domestic parity concept in determining the price support level through the use of certificates. It permits us to distinguish between the amount of wheat that will be supported at the higher price and the amount to be supported at a lower price.....the domestic parity principle which distinguishes between domestic use and export.

The earlier certificate programs did not include marketing certificates for wheat for export. The Secretary now has the authority, however, to issue marketing certificates on wheat to be used as domestic food plus a certain amount of the export market.

Had the program been put in effect in 1963, we would have established a national acreage allotment based on domestic, export, seed and feed needs. Marketing certificates would have been issued for about 925 million bushels... 500 million for domestic use and the rest export. The price support level would have been the same -- \$2.00 a bushel -- as in 1962. The remainder of the wheat -- approximately 150 to 175 million bushels -- produced under the national acreage allotment would have been supported at about \$1.30 a bushel.

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This could be used for feed or seed on the farm, or could be sold for any end use at a price related to the world price and the feed value of wheat.

This program will permit us to reduce the wheat carryover systematically, and also to lower the cost of wheat export programs over time. Under the law providing a 55 million acre allotment, we could expect to add 100 to 150 million bushels of wheat annually to the carryover. We now expect to reduce stocks by around 150 million bushels a year until stock levels reach a desired carryover reserve of between 600 and 700 million bushels.

The new program also introduces a new element of flexibility into farming operations. There is a provision which authorizes the production of wheat on feed grain allotments....but only when a feed grain acreage diversion program is in effect. This wheat would not qualify for marketing certificates, but could be sold directly into the market by the farmer.

The Department recognizes that this substitution provision will give farmers who want to grow wheat for feed much greater flexibility, and we intend to support actively a feed grain program so that this new feature can be used by wheat farmers.

The certificate program is not new, as each of you can attest. Nor is it a complicated program but it does face a severe test.

It already is being distorted by those who would prefer not to have any program ... and in doing so they are distorting your program, and in effect damaging the reputation of your organization.

Let me tell you of some of the things that are being said:

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*One is that wheat prices will go down to 90 cents a bushel, and wheat will be dumped on the market.

There is no basis for such a statement. Certificates in 1964 would be supported near \$2.00 a bushel, and wheat without certificates would be supported at about \$1.30 a bushel...comparable to \$1.20 corn supports.

If corn were supported at a lower level because no long-range feed grain program could be enacted next year, non-certificate wheat would still be supported at the \$1.30 level...a price support related to the world market.

*Another is that the marketing certificate is a bread tax on the consumer.

This statement is baseless. Wheat prices in 1964 would be about the same as they are this year -- about \$2.00 a bushel under price supports. There is no justification to raise the price of flour or bread in 1964. Wheat makes up less than three cents of the cost of a 20 cent loaf of bread, and wheat would have to go to \$3.00 a bushel before a penny a loaf increase in price could be justified.

*Another...that farmers will grow wheat as a feed grain and flood the market with cheap wheat.

The facts clearly show this to be without basis. The fears of feed grain producers which this statement reflects have been dispelled. First, the acreage allotment system will prevent unlimited production of feed wheat. Second, under the substitution provision there will be one acre less of barley or grain sorghum for every acre of wheat grown as feed.

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The substitution provision to allow wheat to be grown on feed grain acres as feed can be used only when there is an acreage diversion program for feed grains. Even then, there would not be unlimited production of wheat for feed...but farmers would have the flexibility to grow feed wheat in connection with a feed grain program for 1964.

*Another misconception is that the Government would pay a subsidy on nearly all wheat exports.

We already pay a subsidy on every bushel of wheat exported. Under the certificate program a small part of the normal production would be marketed by the farmer at or near the world price level -- without marketing certificates...and without any net subsidy cost to the Government. In time, and farm income trends permitting, and increasing amount of wheat could move to export without subsidy.

*Another distortion is that the new program will reduce the income of the wheat farmer.

The average wheat farmer's net income in 1964 under the certificate program will be higher than in 1961 or 1963, and approximately the same as this year. We estimate a farmer with an allotment in 1961 of 55 acres earned about \$2,300 that year and over \$2,400 this year, assuming normal weather and production.

These are some of the distortions and misconceptions we have heard being applied to the wheat certificate program. Take a careful look at them..they have one thing in common...they are designed to scare...they are scare tactics.

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Not one of them is a persuasive, logical argument against the certificate program...and the reason is simple. This is a workable, effective program which has had wide bi-partisan support over the years because it will bring better income opportunities to the wheat farmer...and it will provide substantial savings to the taxpayer.

But make no mistake, there will be an active, aggressive effort made to defeat the wheat program in the referendum next year. In that referendum there will be two clear choices...with a favorable vote, the wheat farmer will have a price support program which you and many other farm organizations believe is designed for the needs of the 1960's. With an unfavorable vote, farmers will return to an all-out race in production and divide up a market which is limited by predictable demand...with disastrous price consequences. There will be price supports only for those who comply voluntarily with their acreage allotment and then at only 50 percent of parity.

Wheat farmers will make the decision by their vote in the referendum. This is as it should be. But it ought to be clearly understood that it takes two-thirds of those voting to carry the referendum. It also should be understood that the decision made is kind of a "sudden death selection." There is no second choice or second best alternative.

It means that the wheat farmers, if they wish \$2.00 a bushel wheat, must speak at least two-thirds strong to that effect. If they want unlimited production with wheat prices which could range from \$1 to \$1.20 a bushel, then one-third...plus one...of the wheat farmers can so decide.

We owe it to the wheat farmer to make sure he has all the facts and knows

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when he votes how the certificate program will affect him. The remedy for scare tactics...such as we now hear and will, I predict, hear with increasing volume and hysteria...is a thorough dose of facts.

The Grange, reaching down to hundreds of thousands of farmers through your Grange hall meetings, is well equipped to bring facts to the farmer... and to thoroughly acquaint him with them.

This is the challenge to you in 1963...I believe you will meet it.

Recently, in addressing the Wisconsin State Grange, Herschel Newsom said it was time for the Grange to become more active and more aggressive... if it does not fulfill its responsibility to farmers, someone else will.

I can think of no better place to begin than in the coming referendum on the wheat program which bears the Grange mold so strongly.

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, November 16, 1962

NOTE TO CORRESPONDENTS:

The attached major policy address by Secretary of Agriculture Freeman before the ministerial meeting of the Agricultural Committee of the Organization for Economic Cooperation and Development in Paris, France, is for P.M. release Washington time (EST) on Monday, Nov. 19. The speech is being released in Paris and Brussels, Belgium, as well as in Washington D.C.

Among other things, the Secretary emphasizes: (1) The role of food in economic development, (2) the importance of frank and candid exchange of views in the area of expanding international agricultural trade, (3) commitment of the United States to a liberal trade policy, (4) U.S. concern over mounting evidence of regressive trade policies of the European Economic Community as shown in the recent action on poultry, and (5) the U.S. position favoring non-discriminatory trading arrangements.

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U.S. Department of Agriculture
Office of the Secretary

It is a pleasure and a privilege to be meeting with you again here in Paris.

Our Committee can and will be an increasingly important forum for reviewing problems of mutual concern to the nations of the Atlantic Community.

At our first meeting a year ago we discussed three important topics of mutual concern to the nations of the Atlantic Community -- international agricultural trade, a harmonization of national agricultural policies, and food aid to developing countries. The importance of these topics has grown rather than diminished since that time. Also, we have continued to gain useful new experience which we can apply to our mutual endeavors.

Efforts and programs directed toward each of these goals are of great significance to the nations in the OECD because of their impact on domestic economies and because of their effect on the strength and security of the Free World. I should therefore like to present for your consideration, first, some observations on the role of food aid in economic development, and, second, the concern of the United States for the expansion of international agricultural trade, including need for national agricultural programs that support this objective.

In our meeting last year we discussed the task of sharing our agricultural abundance with emerging nations that are experiencing food shortages while they are striving for economic development. I am happy that this interest helped to crystalize support for the launching of the experimental World Food Program of the FAO and the United Nations. We have thus given

Statement by Secretary of Agriculture Orville L. Freeman at Ministerial Meeting of the Agricultural Committee of the Organization for Economic Cooperation and Development, Paris, November 19, 1962

expression to our recognition of the critical need for food in many countries, and of the principal that, in world-wide terms, there is no real surplus of food as long as people are hungry.

This recognition is nothing new for the United States. For nine years we have conducted, bilaterally, a program of assistance in which we have exported over \$11 billion worth of food and fiber. In the last fiscal year alone, we have exported more than \$1.6 billion worth of agricultural products for this purpose. These programs, unprecedented in scope and magnitude, have taught us much about both the potential gains and the very great difficulties involved. They have taught us valuable lessons that we willingly share -- lessons that can help us materially to judge the value of multilateral food assistance programs by which I hope we can add a new dimension to the use of food aid to further economic development.

We are trying continually to improve our own bilateral programs, and in this respect in the last year we have stepped up and broadened our efforts to use food to help finance both labor and capital in projects for economic growth. This approach has stimulated such works projects as crop land restoration, irrigation and drainage facilities, and new schools and roads. In the last year, new programs of this kind have been initiated in Bolivia, Brazil, India, Ecuador, Taiwan, Hong Kong, and others.

We have learned how assistance in the form of food for school lunch programs can support health and stimulate education. Currently, 35 million children in 90 countries are being served by our programs, an increase of about 50 percent over two years ago.

We have gained experience in making low interest, long term dollar credit sales of commodities to assist economic growth. We have completed agreements with 11 countries, 10 of these new during the past year.

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We have learned how sales for foreign currency and other concessional programs can be of material assistance in preventing inflation and encouraging economic growth in developing countries. We have learned about the potential that lies in the use of voluntary non-governmental agencies, such as religious organizations and groups like CARE, to which we donate food for use in their programs in participating countries. We are developing programs of business-to-business relationships in implementing an effective use of food aid. We have in some instances learned how assistance programs translate themselves into mutually advantageous commercial trade when a country that has received such assistance learns to stand on its own feet.

And we have learned that, to achieve this goal, we must do more than give of our food. Just as we respond to the appeal of a starving man by first giving him food to build his strength, and then helping him find a job, so we must provide to developing countries the kind of technical assistance that will help them to gain in strength and grow toward economic maturity and self-support.

On the other hand, we have learned much of the difficulties and the complexities, the hazards and the costs, the very real limitations of such programs. Precautions must be taken to prevent a disruption of normal commerce or a deterrent effect on local agricultural development. Costs of effective distribution can be higher than the cost of food itself. Many countries lack both the physical facilities and the administrative experience to receive, handle, and distribute food aid.

In other words, we have learned of both the opportunities and the limitations of a food assistance program.

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We have learned enough of the opportunities so that we continue to enhance and improve our own bilateral programs, and so that we urge further development and participation in multilateral programs.

We have learned enough of the limitations so that we recognize that food assistance cannot -- and must not -- be either regarded or relied upon as a surplus disposal program. We have learned enough of its difficulties to recognize that, even with the greatest foreseeable success, food assistance programs are not in themselves an answer to the problems that arise from the Atlantic Community.

We have learned too -- and the Committee for Agriculture is to be commended for its work in this field -- that assistance through food aid is no long term substitute for the more efficient use of economic resources, in both giving and receiving nations.

We have learned that the fundamental answer to this problem must lie in sound and effective programs to manage our abundance, to direct our efficient agricultural productivity into amounts and kinds that we can use, and to channel resources used for inefficient agricultural production into other areas offering better economic use of the land, labor, and capital involved. All of the nations in the OECD are now facing, or will face in the years ahead, this problem.

This means that we must of necessity be concerned with each other's agricultural policies and programs. There must be a broad sharing of views and experiences. OECD is the appropriate forum for the pooling of our experiences under the various bilateral programs so that we can help each other make our food aid programs more effective. The report which the staff already has prepared on this subject is extremely useful.

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I would like to turn now to my second topic of discussion--the expansion of international agricultural trade. In this highly essential area, I think that a frank and candid exchange of views will be most helpful.

I well recall that during the years when I was Governor of the State of Minnesota, I often saw statements by international leaders giving us advice on ways to manage our agricultural abundance in the interest of international harmony. Upon coming to Washington as Secretary of Agriculture, I found our national government to be very sensitive to such advice. I found that any time I proposed a major action, its consequences had to be weighed in the balance of world opinion. I found this to be true throughout the United States Government. As a nation, we operate before an open window.

I do not think we are unique in this respect. All of us, as members of the Community of Free Nations, must respect the rights and needs of our neighbors. My remarks are offered in the spirit that all of us here must rightfully expect both to review and to be reviewed.

I have frequently encountered misinformation and confusion about the U.S. position regarding agricultural trade. I should like to make clear the U.S. position on this matter.

The United States is committed to a liberal trade policy, and we have tried to apply this policy to agricultural products. Like most industrial countries, the United States has found it necessary to use government program to protect the income of farmers. Virtually every industrial country has experienced a growing disparity between the incomes of farm and non-farm people, and has had to undertake corrective measures. We have tried, however, in our efforts to improve farm income to give due regard to our position both as an exporter

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and importer of agricultural commodities.

The United States is the world's largest exporter of food and agricultural products. What is sometimes not realized is that we are also one of the world's largest importers of food and agricultural products, ranking second after the United Kingdom in this respect. In five of the past ten years, the value of our agricultural imports actually has exceeded the value of our agricultural exports. Currently, we are exporting agricultural products at a rate somewhat in excess of \$5 billion a year, and we are importing agricultural products at a rate approaching \$4 billion a year. Of the \$5 billion worth that we export, we sell about \$3-1/2 billion as commercial exports and the remainder we make available on generous terms to the less developed countries.

With respect to imports, I think it is not generally understood either at home or abroad how liberal our trade policy has been.

Many of our agricultural imports are, of course, such products as coffee and rubber, which are non-competitive with U.S. agricultural production. More than half our agricultural imports, however, are competitive products. These include fresh and frozen beef and lamb, pork, a large variety of canned meat products, vegetable oils, fruits and vegetables, tobacco, and even feed grains. The Netherlands alone exports to the United States annually about \$30 million worth of canned hams. Only our imports of sugar, peanuts, cotton, wheat, and certain dairy products are subject to import limitations -- and on these products, except dairy, we also limit our domestic production and marketing. All other agricultural imports of the United States, including those listed earlier, are permitted unrestricted entry and are subject to only moderate tariffs.

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Most of our commercial agricultural exports take place without benefit of special government payments. There are, of course, export payments on such commodities as wheat and cotton for which domestic prices are maintained above world levels. Here again, however, we have sought to act responsibly. Export payments have been used only to maintain our fair share of world trade. We have not tried to use them to take markets away from traditional suppliers, and I think the record shows we have met this test. Generally speaking, the U.S. portion of commercial world markets has not been increased beyond its traditional share.

As a second test, export prices of commodities for which special payments have been made have been fairly stable in recent years. For example -- wheat. This is in contrast to the wide fluctuations which have occurred in world prices of many primary materials.

As a third test, our policies have led to the accumulation in the United States of large stocks of several staple commodities that conceivably could have been dumped onto world markets. We believe our policy of withholding supplies and regulating the flow of our commodities to world markets has been a stabilizing influence of considerable benefit both to exporting and to importing nations.

Supply management constitutes an essential element of U. S. domestic agricultural progress. Essentially this means that in exchange for price and income assurance, farmers must accept limits on their efforts to produce and to market. I use the words supply management rather than production control deliberately because it more accurately reflects the basic objective of U. S. domestic agricultural programs. Supply management implies the adjustment of production to amounts that can be used, and this is actually what we try to do. Thus, our position as a major importer and exporter of agricultural

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commodities figures heavily in the development of our domestic programs.

The increasing interdependence within the Free World community of nations, we believe, imposes on every member country -- whether an importer or exporter -- the obligation to develop domestic agricultural programs within an international context. It would be difficult, for example, to convince our farmers in the United States that they should accept limits on their productive efforts if at the same time farmers in other major producing countries were expanding their production of identical or similar products with government encouragement.

It is for these reasons that we take a keen interest in the developing agricultural policies of the EEC. The six countries which presently comprise the EEC account for a significant fraction of the world's imports of agricultural commodities. Whatever policies are followed by these Six will profoundly influence the directions to be taken by others.

The United Kingdom is now negotiating with the Common Market for membership. She is the world's largest importer of agricultural products on a relatively unrestricted basis. With the UK in the EEC, her agricultural industry and her trade with third countries will be subject to the rules and regulations of the EEC. The policies of an expanded EEC that included the UK would, therefore, have even more significance for third country exporters of agricultural products.

The eyes of the whole agricultural world are on this great new Community. The actions the Community is now taking are going to be the largest single factor in determining whether the agricultural systems of the world are mindful of the need for international harmony or whether agriculture retreats into a shell of nationalism.

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On the decisions of the EEC depend largely the course not only of agricultural trade but international trade generally. We have been sharply troubled by the mounting evidence such as the recent action on poultry which suggests that the EEC, instead of moving toward a liberal trade policy for agriculture, actually is moving backward with regressive policies that could impair existing trading arrangements. We cannot be internationally minded in the industrial areas of our respective economies and nationally minded and protectionist in the agricultural sectors. Either the two great sectors move forward together under the banner of liberal trade or both will succumb to protectionism.

My country has recently conducted a searching examination of international trade policy. From this examination emerged the Trade Expansion Act of 1962. This Act will provide the framework within which U.S. participation in trade negotiations must take place. In the debate which preceded the enactment of this law and in the provisions which were included in the final version, it was made crystal clear that as far as the United States is concerned agricultural trade policies cannot be separated from trade policies applied to industrial products.

In the past negotiations, we have included tariff bindings on both agricultural and industrial products in the package of concessions negotiated with other countries. The Congress and the American public find it difficult to understand why the United States should maintain liberal access for a wide range of competitive imports if our own agricultural exports are restricted in foreign markets. There is considerable feeling that in past negotiations we have not done well in providing export opportunities for U.S. agricultural products, while at the same time granting concessions that expose our domestic market to increased competition from imports.

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Do you think that we could maintain these arrangements if our major agricultural export market in an expanded EEC were impaired?

Do you think we could continue to apply the rules and principles of GATT to our own agricultural imports while other major importers followed a different and more restrictive set of rules?

It is essential that U.S. negotiators obtain at future trade conferences adequate assurances that access to export markets for our agricultural products is maintained. This is the mandate we have in the new Trade Act.

The recognition of the initial importance of this matter on the part of the American public and the American Congress is typified by Section 252 of the Act, which was inserted by the Congress on its own initiative. This section takes note of the many non-tariff measures which unjustifiably and unreasonably restrict trade in agricultural products.

It directs the President to take all appropriate and feasible steps to eliminate unjustifiable import restrictions on agricultural products maintained by any country against U.S. agricultural products. Such steps may include retaliatory action, if necessary, against imports from the country in question, and the withholding of concessions and most favored nation treatment from that country.

It is against this background that I should like to outline to you some of my own Government's views on trade problems and policies, and to suggest procedures for arriving at decisions that assure the maintenance of a high level of international trade in food and agricultural commodities.

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First, as provided for in the OECD convention, trading arrangements should be global and non-discriminatory in character. Existing preferences should be phased out over a reasonable period of time.

Second, we should like to see trade in the widest possible range of agricultural commodities and foodstuffs regulated by moderate fixed tariffs. Moderate duties constitute the simplest non-discriminatory method of regulating trade.

As a third principle, I should like to emphasize the need for nations and economic groupings to act responsibly in developing agricultural income support policies to the end that such policies do not interfere with normal patterns of trade.

The need to find solutions to these problems has been made particularly acute by the emergence of the EEC's agricultural policies with their emphasis' on variable levies and minimum import prices rather than fixed tariffs.

These non-tariff devices tend to insulate producers within the EEC from the effects of outside competition. This system could be used to exclude imports completely -- or it could be used to promote liberal trading practices. In this connection, much will depend on the decisions taken by the EEC member states with respect to their internal price levels. It is fair to say that the United States and other agricultural exporters await these decisions with concern but also with the hope that economic reason will prevail. Some limits on the use and application of non-tariff controls are required so they will not constitute a major interference with international trade.

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The purpose of these devices is, of course, to equalize the cost of imports with the pre-determined level of internal prices. We are in complete sympathy with measures to protect income and economic well-being of the farm segment of the economy. Our own efforts in this field are well known. We don't believe it necessary, however, to sacrifice international trade in the process of providing farmers with income assurances.

The system established by the Common Agricultural Policy, if utilized to maintain high internal target prices, could provide a powerful stimulus to uneconomic production. Such a practice would entail tremendous economic and social costs to the non-agricultural sectors of the Common Market economy.

My Government, of course, is aware that one way to deal with some of the troublesome agricultural trade problems would be through the negotiation of international commodity arrangements.

We have observed with very real interest the reference to commodity arrangements included in the Declaration of Commonwealth Ministers last September. We have also noted the reports out of Brussels regarding the interest of the EEC in negotiating commodity arrangements for temperate zone agricultural products, and Mr. Pisani's stimulating remarks on the same subject.

For our part, we believe that international commodity arrangements merit consideration. We would be willing at the proper time to seek to negotiate such arrangements.

We think that a pragmatic approach is best, one which undertakes to examine, commodity by commodity, beginning with grains, the possibility of using commodity arrangements as a means of maintaining trade.

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The variable levies imposed on grain imports by the EEC, and the decisions which the EEC must make soon with respect to grain prices, lend a sense of urgency to this task. As you know, a special GATT group has been set up to study the problem of grains. It has held one meeting but adjourned without really coming to grips with the issues involved. We would like to see this group reconvened as early in 1963 as possible.

The principal objective of commodity arrangements, as we see it, would be to develop measures for maintaining trade in those commodities which do not lend themselves to regulation by fixed bound tariffs. Within this context, exporters would expect to obtain meaningful assurances of access to traditional markets. The elements which we believe should be considered in such agreements include international prices, producer prices, supply management including supply control, import quotas, export shares, stocking, and contributions in the form of food aid to less developed countries. Obligations with respect to any of these elements included in the agreement should apply equally to importing countries as well as to exporting countries. If it is not possible to agree on fixing producer prices in importing countries, then specific assurances as to the maintenance of established levels of imports would be required.

I cannot emphasize too strongly the need to include in any commodity arrangement effective measures of supply management. The productive capabilities of our agricultural industries simply exceed possible outlets for the foreseeable future.

We are fully aware of the difficulties that would be encountered in negotiating agreements that include elements which I have just indicated. It is for this reason that the list of commodities for which commodity arrangements are considered should be limited. This problem needs to be studied carefully.

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International commodity arrangements of the complex nature I have described do not offer the only possible solution to trade problems arising from the use of variable levies. Other possible solutions are available.

I have in mind such measures as establishing a maximum on the variable levy, the negotiation of the level of internal prices, or provisions which would give reasonable assurances that imports would be maintained at some specified level, possibly on a basis that allowed exporters to retain a percentage share of a market.

Negotiation of commodity arrangements is likely in any event to be a time-consuming process. In the meantime, trade in a number of commodities is threatened by EEC regulations. Where the possibility exists that trade will be impaired by these regulations, we believe that interim measures should be adopted which assure the maintenance of trade pending the negotiation of permanent arrangements. These interim arrangements might take the form of appropriate adjustments in EEC regulations affecting external trade so as to assure the maintenance of a specified volume of imports.

There are other features of the Common Agricultural Policy which cause us great concern. One of these is the system of minimum import gate prices which is being applied to some products. We think this device should be used only to prevent "dumping". As we understand this feature, however, the consequences are much broader than protection against dumping.

The gate prices already announced for poultry serve to illustrate my point. U.S. poultry is offered on world markets at reasonable prices

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because of the efficiency achieved by American producers, and our poultry is exported by the private trade without any subsidy. But a minimum import price higher than the U.S. export price for poultry subjects our exports to an additional duty and denies consumers in the EEC part of the benefits of the efficient low cost American production.

We have just learned that the EEC Commission has recently authorized a uniform sluice gate differential levy (i.e., an additional uniform entry fee) on U.S. poultry. This will constitute an additional penalty against our export trade, and steps have been taken to urge reconsideration of this action. We are most seriously regarding the need for limitations on the variable levy and the gate price with respect to poultry. The consequences of over-protectionism in this area would be most damaging.

The United States is fully prepared to play its part in carrying forward negotiations aimed at maintaining international trade at satisfactory levels. The new Trade Expansion Act recently passed by the Congress and signed by the President provides us with additional tools for doing this.

The new Trade Act gives the President broad authority to negotiate reductions in duties up to 100 percent. There are special provisions which will facilitate negotiating tariff reductions with the EEC in broad categories of products, agricultural as well as industrial. The reductions negotiated under this authority will continue to be applied in a non-discriminatory basis and will thus benefit all members of the GATT.

We intend to utilize the provisions of the new Act fully in promoting more liberal trade policies for agricultural commodities. We expect the broad concessions we are authorized to negotiate by the Trade Expansion Act will enable the negotiation of a great interlocking system of more liberal and expanded trade.

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This system of concessions must necessarily include satisfactory arrangements for our agricultural trade as well as for our industrial products.

We have noted and are concerned over the attitudes and disposition of several important trading communities at recent tariff negotiations to exclude from the negotiations in major part, if not altogether, trade in agricultural products. There is currently a strong inclination, especially among industrial countries, to separate negotiations on agricultural trade from the trade in industrial goods. We do not approve of this practice. It is obvious that in order for the many countries which are principally exporters of agricultural goods to participate in tariff and trade negotiations for the reduction of trade barriers, they must have some assurance that they can negotiate meaningful terms of access to foreign markets for their products. This can best be accomplished by including trade in agriculture in the traditional tariff negotiating procedures of the GATT.

Greater attention must also be paid, both in the short and long-term, to the effect on agricultural trade of non-tariff obstacles: import restrictions, quotas, subsidies, dumping, export aids, and various other non-tariff devices in use by member countries, including my own. Not enough progress has been made in reducing obstacles, despite the relative degree of prosperity we have together obtained since World War II. We now have in the Agricultural Committee of the OECD and particularly in the **Joint** Working Party it has formed with the Trade Committee, the mechanism for dealing with these problems. We intend to confront other members on restrictions applied against U. S. exports; we hope for redress of unfair practices. We expect other members to confront us on difficulties they may be experiencing in the U. S. market. In these confrontations there are good chances for progress towards more liberal trade policies.

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I assure you that my government will be willing to discuss any aspect of our agricultural trade policies, and will be as forthcoming as any other member in its efforts to find equitable solutions to these specific trade problems.

The trade problems confronting us in agriculture are so serious that the time is overdue for frank, plain talk. That is exactly what I am doing today, and I am very hopeful that we can use the OECD effectively to develop a better understanding of trade problems and possible solutions.

The United States would have difficulty in concluding a general round of negotiations if trade problems on major items of agricultural trade were left unresolved.

In conclusion, let me assure you that by no means would we want to exempt American agriculture from making its own contribution to the solution of the international trade problems that face us. We would not ask others to adopt rules that we would not apply to ourselves. Naturally, in urging the EEC to maintain moderate internal price levels and liberal trading practices, we recognize that the United States must also undertake comparable obligations. We are prepared to consider constructively your suggestions for modifications of our practices, including export aids and import restrictions maintained under Section 22 of the Agricultural Adjustment Act, as part of more satisfactory global arrangements for agricultural trade. I should remind you, however, that the U.S. Congress will not agree to any major alteration of U.S. agricultural policies unless other nations are prepared to take similar steps.

The European Economic Community, in turn, has a great moral and practical responsibility in the maintenance of international trade just because its weight in that trade is going to be so important. We have no doubt of EEC's

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awareness of this responsibility. Hence, we look with hope and confidence to future cooperation in the Free World to solve satisfactorily the twin problem of agricultural protectionism and trade.

Each of us here recognizes the difficulty of the problem. Equally, we must recognize the necessity of finding solutions. Not only maintenance of trade but the continued unity and strength of the Western World is at stake.

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Nov. 15, 1962

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, November 15, 1962

Secretary Freeman Announces Reorganization of ASCS:

Secretary of Agriculture Orville L. Freeman today announced a reorganization of the Department's Agricultural Stabilization and Conservation Service, the agency which supervises major farm program administration in the field, including farm price support operations.

When completed the change will:

- * Consolidate the present five operational groups within ASCS into three.
- * Create a new group of Program Policy staffs which will have broad policy formulation responsibility.
- * Consolidate the seven regional Commodity Offices into four.
- * Combine the Internal Audit and Investigation Divisions into one, attached directly to the ASCS Administrator.
- * Assign all marketing agreement and order programs, primarily those in milk and tobacco, to the Agricultural Marketing Service.

"Price support and stabilization programs affecting individual farmers must be operated efficiently and effectively in the field," Secretary Freeman said in announcing the reorganization. "The realignment of functions and operations within ASCS will offer stronger direction and supervision of farm programs, better communication, and provide better training for field personnel.

"At the same time," he said, "more discretion will be given to field operations which are now burdened by excessive detail in program operations and instructions. Farm programs which affect individual farmers cannot be administered solely from Washington. We are seeking to provide local and State levels with greater responsibility.

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"When we came into the Department," Secretary Freeman said, "we found the distinction between staff and line functions hopelessly confused, and we feel the new organization of ASCS will create a more orderly relationship between these two functions.

"For the first time, we will have a direct line between the State and county offices -- the man in the field -- and the Secretary, reaching through the Administrator of ASCS and the Assistant Secretary for Stabilization and Marketing.

"This direct access places a clear line of authority and responsibility in operating personnel."

In the reorganization, program administration responsibilities will be assigned to two functional operating groups -- one for State and county operations and the other for commodity operations.

An office of a Deputy Administrator for State and County Operations will center all program operations dealing with farmers under one head, providing a direct line for the first time between the farmer and the Secretary. This office will determine how the programs affecting the farmer will be carried out, and will be responsible for the activities of the State and County Offices.

The office of a Deputy Administrator for Commodity Operations will center under one head all program activities dealing with the commercial trade, commodity handlers, warehousemen and others engaged in managing, acquiring, and disposing of commodities for which the agency is responsible.

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This office will have sole responsibility for managing the commodities acquired by the Commodity Credit Corporation and for programs affecting trade relationships, particularly commodity acquisition, disposition and inventory management.

The newly formed Program and Policy group will be attached directly to the office of the ASCS Administrator, and will operate with policy planning staffs consisting of the heads of the former commodity units in ASCS. It will do long-range planning and review basic policy problems affecting commodities and price support operations.

All current program appraisal and analysis activities now being carried out in several places within ASCS will be consolidated into one division -- eliminating duplication of work and the cause of many delays in handling assignments.

Deputy Administrator, State and County Operations, will be Raphael V. Fitzgerald, who holds the post now. Robert G. Lewis, former Deputy Administrator, Price and Production, will be Deputy Administrator, Commodity Operations, Robert P. Beach, who was Deputy Administrator, Management, will continue to serve as Deputy Administrator of Management.

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While the main purpose of the reorganization is to place administrative and program responsibilities directly with those who have the authority for these functions, it also will enable the Department to reduce overhead costs and cut red tape.

Costs will be reduced as units which perform basically similar tasks, and which are now scattered through the commodity and program divisions, are consolidated. Other units now working principally to coordinate assignments can be transferred to other duties.

Procedural confusion will be eliminated as responsibility and lines of authority become clearer, and the duplication and delay which now is encountered with service functions scattered among several commodity units, will be reduced as these services are centralized.

The consolidation of the regional commodity offices also will eliminate overhead costs. The reassignment of the functions and responsibilities of three offices will become effective as soon as is practical.

Current plans call for the offices in Cincinnati, Dallas, and Portland to be combined with the Evanston (Ill.), Kansas City, and Minneapolis offices. The New Orleans office will continue as the cotton commodity office.

Branch offices with small staffs will be maintained in major trade centers to continue to handle the trade activities -- particularly in export markets -- now being conducted by the three offices to be closed.

Secretary Freeman said the fewer number of regional offices necessary reflects the great reduction in surpluses as a result of the

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successful programs of 1961 and 1962, and also reflects the result of utilizing modern techniques for handling mass data.

There has been increased mechanization and wide use of automatic data processing procedures. New management techniques and modern facilities offer better services both to the farmer and to the trade.

These changes reflect a revaluation program which has been underway within the Department for some time. They are all part of a carefully planned over-all program to strengthen the administration of the broad programs assigned to the Department by the Congress of the United States.

A "self-survey" approach to improved administration was ordered by the Secretary early last year. This was a close study of operating systems and the finding of better ways to carry out programs with minimum cost and personnel.

The Management operations and services of ASCS remain basically unchanged, although a management field office will be established in Kansas City to direct consolidated personnel, administrative, and fiscal services previously carried out in four separate places.

Secretary Freeman said the reorganization is being carried out under the direction of Assistant Secretary John P. Duncan, and is based on recommendations made by Mr. Duncan and ASCS Administrator Horace Godfrey.

Duncan, Assistant Secretary for Marketing and Stabilization, is responsible to the Secretary for the activities of the newly organized ASCS agency and the Agricultural Marketing Service.

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The Secretary said the reorganization was developed after several months of study, and reflects several of the suggestions and recommendations made by the members and staff of the McClellan Committee. The consolidation of the Internal Audit and Investigation divisions is one such recommendation.

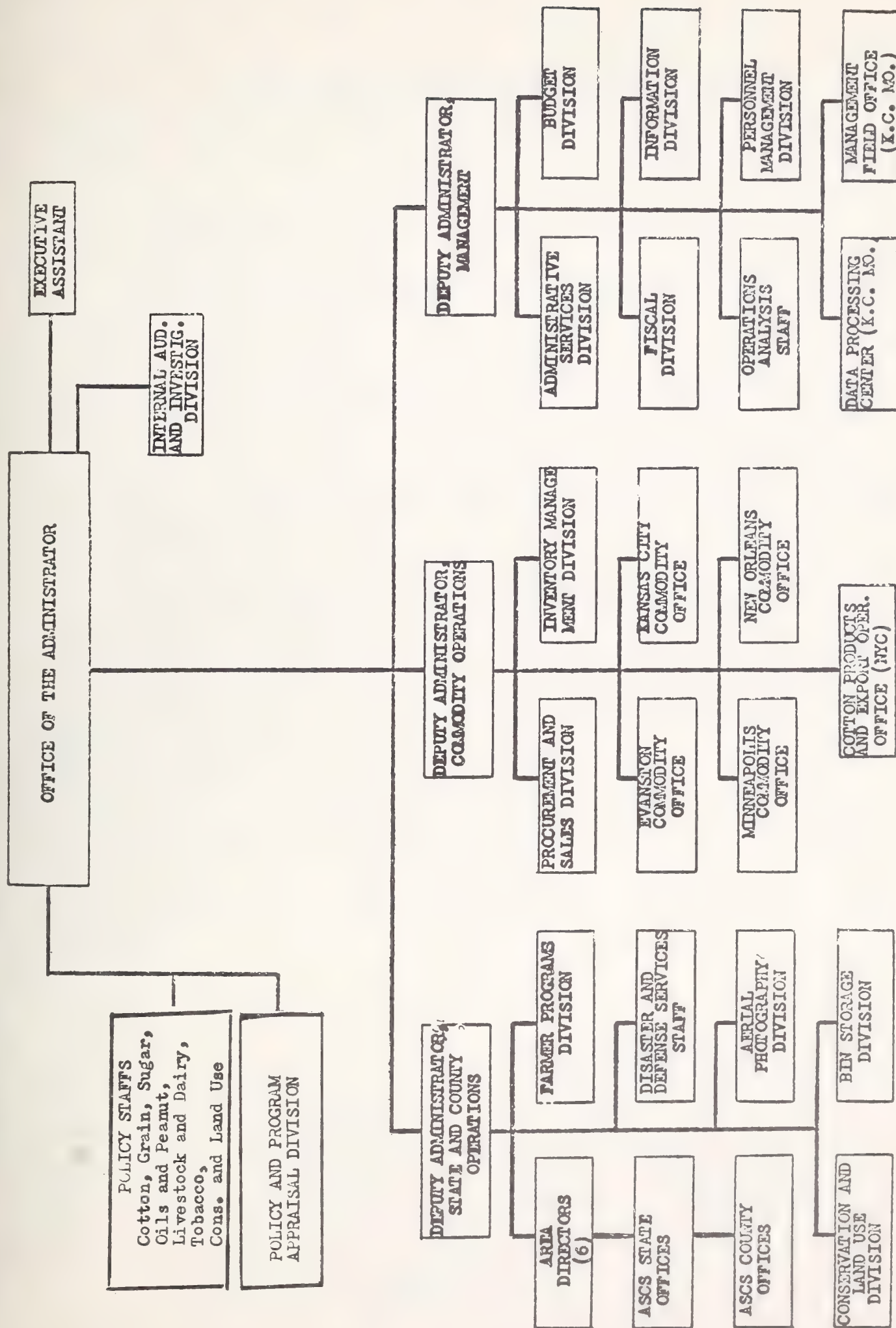
The establishment of an office of Inspector General was undertaken earlier this year to strengthen program operations and Department administration. The new office is directly responsible to the Secretary and has supervision of inspection and audit staffs throughout the Department.

Secretary Freeman said the ASCS reorganization will strengthen farm program administration, and will cut red tape and administrative costs by reducing overhead in Washington, D.C., and in the field, while simplifying procedures which now cause delay and duplication of effort.

He said it will enable the Department to be more responsive to the needs of the farmer and the commodity trade, and to carry out program assignments made by the Congress more efficiently.

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AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE



Prepared by:
 Classification and Organization Branch
 Supersedes chart dated March 19, 1962
 APPROVED November 13, 1962

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, November 16, 1962

NOTE TO CORRESPONDENTS:

The attached major policy address by Secretary of Agriculture Freeman before the ministerial meeting of the Agricultural Committee of the Organization for Economic Cooperation and Development in Paris, France, is for P.M. release Washington time (EST) on Monday, Nov. 19. The speech is being released in Paris and Brussels, Belgium, as well as in Washington D.C.

Among other things, the Secretary emphasizes: (1) The role of food in economic development, (2) the importance of frank and candid exchange of views in the area of expanding international agricultural trade, (3) commitment of the United States to a liberal trade policy, (4) U.S. concern over mounting evidence of regressive trade policies of the European Economic Community as shown in the recent action on poultry, and (5) the U.S. position favoring non-discriminatory trading arrangements.

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C. K. ASE

U.S. Department of Agriculture
Office of the Secretary

It is a pleasure and a privilege to be meeting with you again here in Paris.

Our Committee can and will be an increasingly important forum for reviewing problems of mutual concern to the nations of the Atlantic Community.

At our first meeting a year ago we discussed three important topics of mutual concern to the nations of the Atlantic Community -- international agricultural trade, a harmonization of national agricultural policies, and food aid to developing countries. The importance of these topics has grown rather than diminished since that time. Also, we have continued to gain useful new experience which we can apply to our mutual endeavors.

Efforts and programs directed toward each of these goals are of great significance to the nations in the OECD because of their impact on domestic economies and because of their effect on the strength and security of the Free World. I should therefore like to present for your consideration, first, some observations on the role of food aid in economic development, and, second, the concern of the United States for the expansion of international agricultural trade, including need for national agricultural programs that support this objective.

In our meeting last year we discussed the task of sharing our agricultural abundance with emerging nations that are experiencing food shortages while they are striving for economic development. I am happy that this interest helped to crystalize support for the launching of the experimental World Food Program of the FAO and the United Nations. We have thus given

Statement by Secretary of Agriculture Orville L. Freeman at Ministerial Meeting of the Agricultural Committee of the Organization for Economic Cooperation and Development, Paris, November 19, 1962

expression to our recognition of the critical need for food in many countries, and of the principal that, in world-wide terms, there is no real surplus of food as long as people are hungry.

This recognition is nothing new for the United States. For nine years we have conducted, bilaterally, a program of assistance in which we have exported over \$11 billion worth of food and fiber. In the last fiscal year alone, we have exported more than \$1.6 billion worth of agricultural products for this purpose. These programs, unprecedented in scope and magnitude, have taught us much about both the potential gains and the very great difficulties involved. They have taught us valuable lessons that we willingly share -- lessons that can help us materially to judge the value of multilateral food assistance programs by which I hope we can add a new dimension to the use of food aid to further economic development.

We are trying continually to improve our own bilateral programs, and in this respect in the last year we have stepped up and broadened our efforts to use food to help finance both labor and capital in projects for economic growth. This approach has stimulated such works projects as crop land restoration, irrigation and drainage facilities, and new schools and roads. In the last year, new programs of this kind have been initiated in Bolivia, Brazil, India, Ecuador, Taiwan, Hong Kong, and others.

We have learned how assistance in the form of food for school lunch programs can support health and stimulate education. Currently, 35 million children in 90 countries are being served by our programs, an increase of about 50 percent over two years ago.

We have gained experience in making low interest, long term dollar credit sales of commodities to assist economic growth. We have completed agreements with 11 countries, 10 of these new during the past year.

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We have learned how sales for foreign currency and other concessional programs can be of material assistance in preventing inflation and encouraging economic growth in developing countries. We have learned about the potential that lies in the use of voluntary non-governmental agencies, such as religious organizations and groups like CARE, to which we donate food for use in their programs in participating countries. We are developing programs of business-to-business relationships in implementing an effective use of food aid. We have in some instances learned how assistance programs translate themselves into mutually advantageous commercial trade when a country that has received such assistance learns to stand on its own feet.

And we have learned that, to achieve this goal, we must do more than give of our food. Just as we respond to the appeal of a starving man by first giving him food to build his strength, and then helping him find a job, so we must provide to developing countries the kind of technical assistance that will help them to gain in strength and grow toward economic maturity and self-support.

On the other hand, we have learned much of the difficulties and the complexities, the hazards and the costs, the very real limitations of such programs. Precautions must be taken to prevent a disruption of normal commerce or a deterrent effect on local agricultural development. Costs of effective distribution can be higher than the cost of food itself. Many countries lack both the physical facilities and the administrative experience to receive, handle, and distribute food aid.

In other words, we have learned of both the opportunities and the limitations of a food assistance program.

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We have learned enough of the opportunities so that we continue to enhance and improve our own bilateral programs, and so that we urge further development and participation in multilateral programs.

We have learned enough of the limitations so that we recognize that food assistance cannot -- and must not -- be either regarded or relied upon as a surplus disposal program. We have learned enough of its difficulties to recognize that, even with the greatest foreseeable success, food assistance programs are not in themselves an answer to the problems that arise from the Atlantic Community.

We have learned too -- and the Committee for Agriculture is to be commended for its work in this field -- that assistance through food aid is no long term substitute for the more efficient use of economic resources, in both giving and receiving nations.

We have learned that the fundamental answer to this problem must lie in sound and effective programs to manage our abundance, to direct our efficient agricultural productivity into amounts and kinds that we can use, and to channel resources used for inefficient agricultural production into other areas offering better economic use of the land, labor, and capital involved. All of the nations in the OECD are now facing, or will face in the years ahead, this problem.

This means that we must of necessity be concerned with each other's agricultural policies and programs. There must be a broad sharing of views and experiences. OECD is the appropriate forum for the pooling of our experiences under the various bilateral programs so that we can help each other make our food aid programs more effective. The report which the staff already has prepared on this subject is extremely useful.

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I would like to turn now to my second topic of discussion--the expansion of international agricultural trade. In this highly essential area, I think that a frank and candid exchange of views will be most helpful.

I well recall that during the years when I was Governor of the State of Minnesota, I often saw statements by international leaders giving us advice on ways to manage our agricultural abundance in the interest of international harmony. Upon coming to Washington as Secretary of Agriculture, I found our national government to be very sensitive to such advice. I found that any time I proposed a major action, its consequences had to be weighed in the balance of world opinion. I found this to be true throughout the United States Government. As a nation, we operate before an open window.

I do not think we are unique in this respect. All of us, as members of the Community of Free Nations, must respect the rights and needs of our neighbors. My remarks are offered in the spirit that all of us here must rightfully expect both to review and to be reviewed.

I have frequently encountered misinformation and confusion about the U.S. position regarding agricultural trade. I should like to make clear the U.S. position on this matter.

The United States is committed to a liberal trade policy, and we have tried to apply this policy to agricultural products. Like most industrial countries, the United States has found it necessary to use government program to protect the income of farmers. Virtually every industrial country has experienced a growing disparity between the incomes of farm and non-farm people, and has had to undertake corrective measures. We have tried, however, in our efforts to improve farm income to give due regard to our position both as an exporter

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and importer of agricultural commodities.

The United States is the world's largest exporter of food and agricultural products. What is sometimes not realized is that we are also one of the world's largest importers of food and agricultural products, ranking second after the United Kingdom in this respect. In five of the past ten years, the value of our agricultural imports actually has exceeded the value of our agricultural exports. Currently, we are exporting agricultural products at a rate somewhat in excess of \$5 billion a year, and we are importing agricultural products at a rate approaching \$4 billion a year. Of the \$5 billion worth that we export, we sell about \$3-1/2 billion as commercial exports and the remainder we make available on generous terms to the less developed countries.

With respect to imports, I think it is not generally understood either at home or abroad how liberal our trade policy has been.

Many of our agricultural imports are, of course, such products as coffee and rubber, which are non-competitive with U.S. agricultural production. More than half our agricultural imports, however, are competitive products. These include fresh and frozen beef and lamb, pork, a large variety of canned meat products, vegetable oils, fruits and vegetables, tobacco, and even feed grains. The Netherlands alone exports to the United States annually about \$30 million worth of canned hams. Only our imports of sugar, peanuts, cotton, wheat, and certain dairy products are subject to import limitations -- and on these products, except dairy, we also limit our domestic production and marketing. All other agricultural imports of the United States, including those listed earlier, are permitted unrestricted entry and are subject to only moderate tariffs.

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Most of our commercial agricultural exports take place without benefit of special government payments. There are, of course, export payments on such commodities as wheat and cotton for which domestic prices are maintained above world levels. Here again, however, we have sought to act responsibly. Export payments have been used only to maintain our fair share of world trade. We have not tried to use them to take markets away from traditional suppliers, and I think the record shows we have met this test. Generally speaking, the U.S. portion of commercial world markets has not been increased beyond its traditional share.

As a second test, export prices of commodities for which special payments have been made have been fairly stable in recent years. For example -- wheat. This is in contrast to the wide fluctuations which have occurred in world prices of many primary materials.

As a third test, our policies have led to the accumulation in the United States of large stocks of several staple commodities that conceivably could have been dumped onto world markets. We believe our policy of withholding supplies and regulating the flow of our commodities to world markets has been a stabilizing influence of considerable benefit both to exporting and to importing nations.

Supply management constitutes an essential element of U. S. domestic agricultural progress. Essentially this means that in exchange for price and income assurance, farmers must accept limits on their efforts to produce and to market. I use the words supply management rather than production control deliberately because it more accurately reflects the basic objective of U. S. domestic agricultural programs. Supply management implies the adjustment of production to amounts that can be used, and this is actually what we try to do. Thus, our position as a major importer and exporter of agricultural

commodities figures heavily in the development of our domestic programs.

The increasing interdependence within the Free World community of nations, we believe, imposes on every member country -- whether an importer or exporter -- the obligation to develop domestic agricultural programs within an international context. It would be difficult, for example, to convince our farmers in the United States that they should accept limits on their productive efforts if at the same time farmers in other major producing countries were expanding their production of identical or similar products with government encouragement.

It is for these reasons that we take a keen interest in the developing agricultural policies of the EEC. The six countries which presently comprise the EEC account for a significant fraction of the world's imports of agricultural commodities. Whatever policies are followed by these Six will profoundly influence the directions to be taken by others.

The United Kingdom is now negotiating with the Common Market for membership. She is the world's largest importer of agricultural products on a relatively unrestricted basis. With the UK in the EEC, her agricultural industry and her trade with third countries will be subject to the rules and regulations of the EEC. The policies of an expanded EEC that included the UK would, therefore, have even more significance for third country exporters of agricultural products.

The eyes of the whole agricultural world are on this great new Community. The actions the Community is now taking are going to be the largest single factor in determining whether the agricultural systems of the world are mindful of the need for international harmony or whether agriculture retreats into a shell of nationalism.

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On the decisions of the EEC depend largely the course not only of agricultural trade but international trade generally. We have been sharply troubled by the mounting evidence such as the recent action on poultry which suggests that the EEC, instead of moving toward a liberal trade policy for agriculture, actually is moving backward with regressive policies that could impair existing trading arrangements. We cannot be internationally minded in the industrial areas of our respective economies and nationally minded and protectionist in the agricultural sectors. Either the two great sectors move forward together under the banner of liberal trade or both will succumb to protectionism.

My country has recently conducted a searching examination of international trade policy. From this examination emerged the Trade Expansion Act of 1962. This Act will provide the framework within which U.S. participation in trade negotiations must take place. In the debate which preceded the enactment of this law and in the provisions which were included in the final version, it was made crystal clear that as far as the United States is concerned agricultural trade policies cannot be separated from trade policies applied to industrial products.

In the past negotiations, we have included tariff bindings on both agricultural and industrial products in the package of concessions negotiated with other countries. The Congress and the American public find it difficult to understand why the United States should maintain liberal access for a wide range of competitive imports if our own agricultural exports are restricted in foreign markets. There is considerable feeling that in past negotiations we have not done well in providing export opportunities for U.S. agricultural products, while at the same time granting concessions that expose our domestic market to increased competition from imports.

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Do you think that we could maintain these arrangements if our major agricultural export market in an expanded EEC were impaired?

Do you think we could continue to apply the rules and principles of GATT to our own agricultural imports while other major importers followed a different and more restrictive set of rules?

It is essential that U.S. negotiators obtain at future trade conferences adequate assurances that access to export markets for our agricultural products is maintained. This is the mandate we have in the new Trade Act.

The recognition of the initial importance of this matter on the part of the American public and the American Congress is typified by Section 252 of the Act, which was inserted by the Congress on its own initiative. This section takes note of the many non-tariff measures which unjustifiably and unreasonably restrict trade in agricultural products.

It directs the President to take all appropriate and feasible steps to eliminate unjustifiable import restrictions on agricultural products maintained by any country against U.S. agricultural products. Such steps may include retaliatory action, if necessary, against imports from the country in question, and the withholding of concessions and most favored nation treatment from that country.

It is against this background that I should like to outline to you some of my own Government's views on trade problems and policies, and to suggest procedures for arriving at decisions that assure the maintenance of a high level of international trade in food and agricultural commodities.

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First, as provided for in the OECD convention, trading arrangements should be global and non-discriminatory in character. Existing preferences should be phased out over a reasonable period of time.

Second, we should like to see trade in the widest possible range of agricultural commodities and foodstuffs regulated by moderate fixed tariffs. Moderate duties constitute the simplest non-discriminatory method of regulating trade.

As a third principle, I should like to emphasize the need for nations and economic groupings to act responsibly in developing agricultural income support policies to the end that such policies do not interfere with normal patterns of trade.

The need to find solutions to these problems has been made particularly acute by the emergence of the EEC's agricultural policies with their emphasis' on variable levies and minimum import prices rather than fixed tariffs.

These non-tariff devices tend to insulate producers within the EEC from the effects of outside competition. This system could be used to exclude imports completely -- or it could be used to promote liberal trading practices. In this connection, much will depend on the decisions taken by the EEC member states with respect to their internal price levels. It is fair to say that the United States and other agricultural exporters await these decisions with concern but also with the hope that economic reason will prevail. Some limits on the use and application of non-tariff controls are required so they will not constitute a major interference with international trade.

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The purpose of these devices is, of course, to equalize the cost of imports with the pre-determined level of internal prices. We are in complete sympathy with measures to protect income and economic well-being of the farm segment of the economy. Our own efforts in this field are well known. We don't believe it necessary, however, to sacrifice international trade in the process of providing farmers with income assurances.

The system established by the Common Agricultural Policy, if utilized to maintain high internal target prices, could provide a powerful stimulus to uneconomic production. Such a practice would entail tremendous economic and social costs to the non-agricultural sectors of the Common Market economy.

My Government, of course, is aware that one way to deal with some of the troublesome agricultural trade problems would be through the negotiation of international commodity arrangements.

We have observed with very real interest the reference to commodity arrangements included in the Declaration of Commonwealth Ministers last September. We have also noted the reports out of Brussels regarding the interest of the EEC in negotiating commodity arrangements for temperate zone agricultural products, and Mr. Pisani's stimulating remarks on the same subject.

For our part, we believe that international commodity arrangements merit consideration. We would be willing at the proper time to seek to negotiate such arrangements.

We think that a pragmatic approach is best, one which undertakes to examine, commodity by commodity, beginning with grains, the possibility of using commodity arrangements as a means of maintaining trade.

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The variable levies imposed on grain imports by the EEC, and the decisions which the EEC must make soon with respect to grain prices, lend a sense of urgency to this task. As you know, a special GATT group has been set up to study the problem of grains. It has held one meeting but adjourned without really coming to grips with the issues involved. We would like to see this group reconvened as early in 1963 as possible.

The principal objective of commodity arrangements, as we see it, would be to develop measures for maintaining trade in those commodities which do not lend themselves to regulation by fixed bound tariffs. Within this context, exporters would expect to obtain meaningful assurances of access to traditional markets. The elements which we believe should be considered in such agreements include international prices, producer prices, supply management including supply control, import quotas, export shares, stocking, and contributions in the form of food aid to less developed countries. Obligations with respect to any of these elements included in the agreement should apply equally to importing countries as well as to exporting countries. If it is not possible to agree on fixing producer prices in importing countries, then specific assurances as to the maintenance of established levels of imports would be required.

I cannot emphasize too strongly the need to include in any commodity arrangement effective measures of supply management. The productive capabilities of our agricultural industries simply exceed possible outlets for the foreseeable future.

We are fully aware of the difficulties that would be encountered in negotiating agreements that include elements which I have just indicated. It is for this reason that the list of commodities for which commodity arrangements are considered should be limited. This problem needs to be studied carefully.

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International commodity arrangements of the complex nature I have described do not offer the only possible solution to trade problems arising from the use of variable levies. Other possible solutions are available.

I have in mind such measures as establishing a maximum on the variable levy, the negotiation of the level of internal prices, or provisions which would give reasonable assurances that imports would be maintained at some specified level, possibly on a basis that allowed exporters to retain a percentage share of a market.

Negotiation of commodity arrangements is likely in any event to be a time-consuming process. In the meantime, trade in a number of commodities is threatened by EEC regulations. Where the possibility exists that trade will be impaired by these regulations, we believe that interim measures should be adopted which assure the maintenance of trade pending the negotiation of permanent arrangements. These interim arrangements might take the form of appropriate adjustments in EEC regulations affecting external trade so as to assure the maintenance of a specified volume of imports.

There are other features of the Common Agricultural Policy which cause us great concern. One of these is the system of minimum import gate prices which is being applied to some products. We think this device should be used only to prevent "dumping". As we understand this feature, however, the consequences are much broader than protection against dumping.

The gate prices already announced for poultry serve to illustrate my point. U.S. poultry is offered on world markets at reasonable prices

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because of the efficiency achieved by American producers, and our poultry is exported by the private trade without any subsidy. But a minimum import price higher than the U.S. export price for poultry subjects our exports to an additional duty and denies consumers in the EEC part of the benefits of the efficient low cost American production.

We have just learned that the EEC Commission has recently authorized a uniform sluice gate differential levy (i.e., an additional uniform entry fee) on U.S. poultry. This will constitute an additional penalty against our export trade, and steps have been taken to urge reconsideration of this action. We are most seriously regarding the need for limitations on the variable levy and the gate price with respect to poultry. The consequences of over-protectionism in this area would be most damaging.

The United States is fully prepared to play its part in carrying forward negotiations aimed at maintaining international trade at satisfactory levels. The new Trade Expansion Act recently passed by the Congress and signed by the President provides us with additional tools for doing this.

The new Trade Act gives the President broad authority to negotiate reductions in duties up to 100 percent. There are special provisions which will facilitate negotiating tariff reductions with the EEC in broad categories of products, agricultural as well as industrial. The reductions negotiated under this authority will continue to be applied in a non-discriminatory basis and will thus benefit all members of the GATT.

We intend to utilize the provisions of the new Act fully in promoting more liberal trade policies for agricultural commodities. We expect the broad concessions we are authorized to negotiate by the Trade Expansion Act will enable the negotiation of a great interlocking system of more liberal and expanded trade.

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This system of concessions must necessarily include satisfactory arrangements for our agricultural trade as well as for our industrial products.

We have noted and are concerned over the attitudes and disposition of several important trading communities at recent tariff negotiations to exclude from the negotiations in major part, if not altogether, trade in agricultural products. There is currently a strong inclination, especially among industrial countries, to separate negotiations on agricultural trade from the trade in industrial goods. We do not approve of this practice. It is obvious that in order for the many countries which are principally exporters of agricultural goods to participate in tariff and trade negotiations for the reduction of trade barriers, they must have some assurance that they can negotiate meaningful terms of access to foreign markets for their products. This can best be accomplished by including trade in agriculture in the traditional tariff negotiating procedures of the GATT.

Greater attention must also be paid, both in the short and long-term, to the effect on agricultural trade of non-tariff obstacles: import restrictions, quotas, subsidies, dumping, export aids, and various other non-tariff devices in use by member countries, including my own. Not enough progress has been made in reducing obstacles, despite the relative degree of prosperity we have together obtained since World War II. We now have in the Agricultural Committee of the OECD and particularly in the Joint Working Party it has formed with the Trade Committee, the mechanism for dealing with these problems. We intend to confront other members on restrictions applied against U. S. exports; we hope for redress of unfair practices. We expect other members to confront us on difficulties they may be experiencing in the U. S. market. In these confrontations there are good chances for progress towards more liberal trade policies.

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I assure you that my government will be willing to discuss any aspect of our agricultural trade policies, and will be as forthcoming as any other member in its efforts to find equitable solutions to these specific trade problems.

The trade problems confronting us in agriculture are so serious that the time is overdue for frank, plain talk. That is exactly what I am doing today, and I am very hopeful that we can use the OECD effectively to develop a better understanding of trade problems and possible solutions.

The United States would have difficulty in concluding a general round of negotiations if trade problems on major items of agricultural trade were left unresolved.

In conclusion, let me assure you that by no means would we want to exempt American agriculture from making its own contribution to the solution of the international trade problems that face us. We would not ask others to adopt rules that we would not apply to ourselves. Naturally, in urging the EEC to maintain moderate internal price levels and liberal trading practices, we recognize that the United States must also undertake comparable obligations. We are prepared to consider constructively your suggestions for modifications of our practices, including export aids and import restrictions maintained under Section 22 of the Agricultural Adjustment Act, as part of more satisfactory global arrangements for agricultural trade. I should remind you, however, that the U.S. Congress will not agree to any major alteration of U.S. agricultural policies unless other nations are prepared to take similar steps.

The European Economic Community, in turn, has a great moral and practical responsibility in the maintenance of international trade just because its weight in that trade is going to be so important. We have no doubt of EEC's

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awareness of this responsibility. Hence, we look with hope and confidence to future cooperation in the Free World to solve satisfactorily the twin problem of agricultural protectionism and trade.

Each of us here recognizes the difficulty of the problem. Equally, we must recognize the necessity of finding solutions. Not only maintenance of trade but the continued unity and strength of the Western World is at stake.

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RURAL AREAS DEVELOPMENT: THE NEXT STEP

I welcome this opportunity to review with you the events which have shaped the Rural Areas Development program...and also to discuss developments now in the making on which we will need your counsel.

We can all be proud of the progress we have made in bringing Rural Areas Development from a vague concept to a specific and detailed program which can bring new economic opportunity to rural America. We have both recognized and taken vigorous action to meet the problem of under-developed areas in our own country. And I say under-developed advisedly, for there are many areas in our own country which lag far behind the rest of the Nation. These areas desperately need economic and technical assistance.

Let's take a frank look at this problem. I doubt whether many people appreciate the fact that over 15 million American citizens in rural areas live in dire poverty -- 15 million Americans living under conditions which by our average standard are terribly inadequate.

Too few Americans realize these grim facts. Too few realize that almost half of those people classed by the Census Bureau as farm operating families fall into an inadequate income category. Too few know that of the 8 million families in this country today with incomes of less than \$2,500, some 4.1 million live in rural areas.

Address by Secretary of Agriculture Orville L. Freeman before the National Advisory Committee on Rural Areas Development, U. S. Department of Agriculture, Washington, D. C., Thursday, December 6, 1962, 4 P.M., EST.

About 10 percent of these families are Negro or Indian -- minority groups on which added disparity of opportunity is piled on top of the usual disparity of rural income and job opportunity.

More than one-fifth of the 22 million youths who live in rural America are in poverty families...and each year 200,000 more children are born into these families.

Perhaps these statistics sound like a description of some of the developing nations we are seeking to help around the world...on the contrary they describe conditions in our own society.

Now this administration has begun to develop ways to get our own under-developed areas moving ahead...as well as those in other Nations. The actions we have taken should have been taken long ago.

Some of it has been administrative action which could have been taken any time the will to act was there. Other steps involve legislative action which could and should have been requested years ago.

Let me review some of these steps briefly.

*We asked you to form this advisory committee to give us the benefit of a wide range of interests and views from every section of the country. Your counsel and advice have been invaluable, and we will continue to seek it...this is a program which, of necessity, must be close to the people.

*We have reorganized the services in the Department under Assistant Secretary John Baker to enable the Department to more effectively carry out the objective of rural growth. The Forest Service, Farmers Cooperative

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Service, Farmers Home Administration, Rural Electrification Administration, Soil Conservation Service and the office of Rural Areas Development are the effective action agencies in this undertaking. This new grouping of agencies is working closely with the Federal Extension Service and the Agricultural Stabilization and Conservation Service to develop new rural resources.

*We have, with strong local cooperation, organized rural development committees in 1800 counties. Well over 50,000 persons who live in rural areas or in small towns serve on these committees. They are preparing thousands of projects which will help create the conditions essential for economic growth.

*We have backed these citizen committees with technical action panels of USDA employees in each county. These are core panels made up of the local FHA supervisor, the soil conservationist, the ASC committee chairman and the forester who can give advice and assistance on local projects.

*The Housing Act of 1961 provided that the Farmers Home Administration could make loans to persons living in small towns -- those under 2,500 -- for the first time...and we have extended more than 15,000 loans for new homes or to modernize the old ones in the last 16 months.

*The Senior Citizens housing act further extended our authority to assist elderly persons in rural areas to obtain modern housing facilities. Less than two months after the law was enacted, we had approved loans for \$100,000 for housing facilities for senior citizens in 11 states.

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*The single most significant advance in rural areas development came with the enactment of the Agricultural Act of 1962. It represents the first new direction in agricultural policy since the 1930's.

-It provides authority to initiate rural renewal projects, a tool which can be most effective in helping rural areas in the most serious economic trouble. We can provide technical assistance and loans to local public agencies designated by the Governor or the State legislature to develop comprehensive, far-reaching programs in rural areas which are similar in purpose and scope to the more familiar urban renewal projects.

-It places the Agricultural Conservation Program on a permanent basis, marking a turning point in land use legislation. It makes many farmers eligible for additional help under long-term agreements with USDA to change cropping systems and land use and to develop soil, water, forest, wildlife and recreational resources. Much of the land coming out of the conservation reserve will be eligible for the new land use adjustment program. The Act authorizes USDA to share with local public bodies up to half the cost of land, easements, and rights-of-way for small watershed projects to be dedicated to public recreation.

-The new authority for FHA loans for outdoor recreational enterprises came when the Department was getting thousands of inquiries about such enterprises--inquiries prompted by the discussions at the Land and People meetings. The large number of requests for information about the opportunities for family farms and groups of farmers under this program reflect a high degree of interest--and it encourages us greatly.

*The Congress also took other actions this year which will benefit the rural development program. It appropriated increased funds for credit through FHA and REA, and it also increased funds for research on new uses and new processes for farm commodities. You will hear more about these expanded programs from other speakers.

Through the Manpower Development and Training Act, persons living in rural areas can obtain assistance in learning new skills which can open doors to new opportunities for employment either in their home community or other areas.

This is a brief summary of many of the steps which the Department and the Congress has taken since January 1961 to meet the Nation's responsibility to its own under-developed areas. With each step forward, however, new problems and new needs develop...and in the time remaining I would like to outline some of them for you. We want to have the benefit of your thinking...and we look to your advice on how best to meet the tasks that lie ahead.

*The urgent task is to inform the people. The recent series of Land and People conferences was an important first step...but more needs to be done. We need to take vigorous action to awaken local interest in rural areas development, to help rural residents organize local programs, and then help them draw on the technical competence and rural credit facilities of the Department of Agriculture. The measure of our success will be determined by the response of people in the local community.

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Too many people do not yet know of the going programs--people who stand to benefit most from supervised farm credit, from low-cost loans for rural homes, and from pooling their resources in cooperatives or community development corporations.

*A second task that we see developing is the great need for technical and financial assistance to help local groups of citizens organize and begin drawing plans for over-all economic development. This work is presently being carried out through the Extension Service and the Technical Action panels, but we already find ourselves being swamped in some areas.

*A third area of concern relates to the development of new industries in rural communities. Many of those people who have experience in this area recognize that the community that waits for a new industry to be located from outside the community will usually wait a long time. The hope for real progress is best realized by emphasizing the growth potential from within the local community itself.

Individually, these people cannot meet the requirements for financing, management, promotion and other essential skills. But by pooling their funds and skills, and through assistance from state and federal agencies, the needs of establishing modern industry can be met. Perhaps cooperative arrangements can be very useful in this regard, but we need to explore more of creating more effective channels for developing industrial opportunity in rural communities.

The solution to this problem will also be a universal problem in rural areas -- that of finding job opportunities for the young people as they leave High School.

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*A fourth area where your advice will be most helpful relates to the creation of a domestic Peace Corp -- a project which currently is being discussed among several Departments and agencies of the government.

We have assigned one man to a special group being formed by Attorney General Robert Kennedy to study and evaluate the proposed development of a corps of men and women who would serve in rural and urban areas of this country where social and economic conditions required immediate and massive attention.

How could a Domestic Peace Corp contribute most effectively to correcting some of the very serious problems we know exist in rural areas? Can the drive and enthusiasm which is found in the Peace Corps abroad overcome the apathy and frustration in poverty areas where rural renewal projects are needed? Could these Corpsmen help the low income White, Negro and Indian families vault the economic barriers which tie them to a life of poverty? Can they provide educational opportunities which now are lacking for many young people in rural America? Can they provide the personal and individual attention needed to help the illiterate, the physically and mentally handicapped?

I believe a Domestic Peace Corp can be a healthy and dynamic influence in the Rural Area Development program, and I would welcome your ideas and thoughts on this subject.

Meanwhile, it is almost 1965 and the technological and sociological changes in agriculture have come so swiftly -- and are still at work at an unbelievable speed -- that most people could no more accurately describe rural America today than they could the surface of Venus. It is at once the

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most outstanding example of productive success in the history of man...and yet harbors more poverty than all the metropolitan centers put together. It is one of the basic elements in our ability to lead the free world...and yet young people leave it for want of adequate opportunity. It is sometimes described as the last bastion of freedom...and yet some organizations advocate using economic pressure to drive people out of it.

I am convinced that these contradictions -- and many others -- require that we take a penetrating look at rural America...that we evaluate what we are doing and where we are going...and that we set down basic goals in the light of rural America as it is, and as it can be.

I ask you to consider how this can be most effectively done...perhaps through a National Commission on Rural Life utilizing the talents of our ablest leaders and philosophers...or through other means which can effectively communicate the changing conditions and the needs of rural America.

I offer these thoughts for you to consider. It is clear, both from cold statistics and the observable events of the past decade, that the core of the problem in rural America has two parts -- low income caused by chronic overproduction, the inability of the market to absorb at a fair price what our farms can easily produce...and a social problem caused by farms too small to support a family, and by the failure to develop adequate income opportunities through putting the resources of rural America to non-farm uses.

Emphasis on improving farm prices and income is essential but it is not the full answer, nor will a concentration on developing non-farm uses of rural resources be enough to enable the Americans who live in rural areas to enjoy a standard of living equal to that of his urban cousin.

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Certainly an effort to increase total production of food and fiber, in the face of over supply, is no answer...it is a waste of resources. And the CED proposal that farm income should be systematically lowered to drive people out of rural America is thoughtless, cruel and uncivilized. None of these alternatives provide the answer we are looking for.

That answer will not be found in any dogma...but rather in a pragmatic effort to find the most favorable combination that will improve farm income through realistic management of supply and the economic stimulant of increasing non-agricultural income through new uses for rural resources.

Supply management, applied as a tool and not as a doctrine, is a flexible instrument to increase production of commodities in short supply and to balance production with demand when stocks become too great furthering at the same time the welfare of both the producer and the consumer. It provides for national security and our commitments to friendly nations abroad by maintaining adequate reserves for war, natural disaster and the Food for Peace program. It maintains fair prices for the consumer...and fair income for the farmer.

I believe we can reach a fair level of living for the rural American...if we are willing to accept new ideas and explore new ways. Tangible progress has been made in that direction. We have new tools, and many people have shown their willingness to use them. We know the resources are in rural America waiting to be put to new uses. We are at a critical time when action counts.

And I am optimistic that rural America will make the most of its new opportunities.

U. S. Department of Agriculture
Office of the Secretary

I am here tonight to discuss two events with you....two events which are seemingly far apart and distantly related, but in fact are tied closely together.

One is the setting of the common agricultural price for wheat in the European Economic Community (Common Market) and the other is the wheat referendum in the United States.

Both events will take place next year....and both will have a crucial effect on the welfare of people in this country and in Europe, and on the strength of the free world. In each case, the basic decisions are simple and clear.

In Europe the Common Market will decide whether the price of wheat within the member nations will be set at a high or moderate level. In the United States, wheat farmers will approve or reject by referendum the new wheat program enacted in September by the Congress.

The effect of each of these four alternatives also is clear. A high internal price for wheat in the Common Market would cause major dislocations in world trade patterns, and in the free world economy. A moderate internal price could encourage a further acceleration in the expanding level of free world trade and will add to the strength of the free world.

Speech prepared for delivery by Secretary of Agriculture Orville L. Freeman to the Farmers Union Grain Terminal Association Convention, 8:00 p.m. (CST), Tuesday, December 11, 1962, St. Paul Auditorium, St. Paul, Minnesota.

A favorable decision in the wheat referendum will mean continuing stable conditions in the world wheat market....the prospect for a steadily growing level of international trade and fair prices to the wheat farmer. An unfavorable decision will bring runaway wheat production and low wheat prices in this country....and could create new and terrible pressures in world trade which would threaten the alliance of the free world.

In other words, the decisions which free men will soon make in both the United States and in Western Europe are of intimate and direct concern to all of us....whether we are farmers, bankers, bakers or mechanics and whether we live in Minnesota or New York or Belgium or France.

There are many different languages spoken and there are many different customs, but we are all united in a common desire for stability and growth.... and for survival.

Let me explain by first taking you with me on a trip which I recently made to Paris to a meeting of the agricultural committee of the Organization for Economic Development -- a forum where the agricultural Ministers and Secretaries of the NATO alliance discuss policies and programs.

At this meeting I made a major foreign policy speech in which I stressed the interdependence of the western alliance and emphasized the need for nations and groupings of nations to formulate their agricultural policies so as to maintain a high level of international trade consistent with the principles of fair competition.

In particular, I laid before my European colleagues our concern about the emerging agricultural policies of the European Economic Community and our desire to see grain support prices fixed at moderate levels.

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The Common Market, as you know, comprises six countries of Western Europe -- France, Germany, Italy, Belgium, Luxembourg and the Netherlands -- which are already well on the road toward forming a single trading unit, and ultimately perhaps a political federation. These six countries account for a significant fraction of the world's agricultural imports. They take over a billion dollars of U.S. farm products a year, about one-third of our dollar exports. Last year these six countries bought about 30 percent of our commercial wheat exports, and nearly 50 percent of our commercial feed grain exports.

If the Common Market is enlarged to include the United Kingdom it will account for an even larger share of our commercial exports.

This great trading area was the first in the world to industrialize. Its rapid economic growth, when it was industrializing, was achieved in part by imports of low priced food and raw materials from the New World. Every one prospered from this trade. We found export markets for our agricultural abundance which we can produce so efficiently, and Europeans were able to industrialize more rapidly.

We are anxious to have this trade relationship continue. American farmers are still the most efficient in the world. They are heavily dependent on export markets. One acre in five produces for export. American farmers, therefore, have a vital stake in liberal trade policies. They have a deep interest in the agricultural policies of the Common Market which represents such a major export market for our agriculture.

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The policies of such a great trading bloc will have great influence on the rules of international trade.

We are sharply troubled by the mounting evidence that the EEC is leaning toward a highly protectionist, inward-looking, trade restrictive policy. It is moving to apply variable levies on imports of grains, poultry and other commodities that compete with its own production.

A variable levy is simply a device for preventing any imports from coming in below domestic support prices.

Variable levies and minimum import prices, combined with a high level of internal target prices can, if selfishly applied, give domestic producers within the EEC unlimited protection. I cannot over-emphasize the seriousness of this situation.

The internal target prices or support prices to be established for grains by the Community are crucial. The level at which these prices are set will signal the direction which agricultural policies of the Community will take. If these price targets are established at unreasonably high levels, then uneconomic production within the Community will be substituted for imports. Consumer prices for animal products within the Community will be unnecessarily increased and imports of wheat, feed grains, dairy, and livestock products will wither away. It is absolutely essential, therefore, that these price targets be established at moderate levels, in order to both assure the United States and other agricultural exporting nations continued access to EEC markets and to prevent the distortion in the allocations of resources in Western Europe. Higher price target levels also will mean high consumer prices.

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Wheat support prices in France are now about \$2.15 a bushel. German farmers get over \$3.00 a bushel -- and I might add that these prices are for a quality of wheat that in world markets brings 30 to 40 cents a bushel less than our hard red winter wheat.

If French prices moved up to near the German level, an estimated 6 million additional acres would go into wheat production in France. French output could supply nearly all the Common Market needs, and leave a surplus which could only move into international trade at cutthroat prices. We don't think this would be fair or just or reasonable to us and to the free world. This is what I frankly told my European colleagues in Paris last month.

I made it clear that I was not objecting to the Common Market adopting a common agricultural policy or developing a single integrated market like we have in the United States -- I simply said this should not be done at the expense of farmers in other friendly countries. In making their decision on the level of grain support prices, I asked them to keep in mind their international responsibilities.

Now if we are going to throw bricks at other people's houses, we must accord them the right to do the same. And before the bricks start coming our way we need to stop and take a look to see if we are living in a glass house when it comes to agricultural policy. If we expect others to act responsibly when it comes to setting agricultural policies, we must continue to do so ourselves.

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That is why the outcome of the wheat referendum is so intertwined with our international trade policy. If the referendum is turned down we will have utter chaos. There will be no acreage allotments or quotas and no price supports on wheat. The international effects of runaway wheat production would be the same as if the Common Market adopts a high wheat price support near the German level. A ruthless price-cutting competition would develop among major grain exporters. Market outlets at the lower price rather than expanding, would likely shrink as other countries adopt measures to protect their own growers.

The Congress has just given the President brand new authority to negotiate tariff reductions. We intend to use this authority to improve access to world markets for our agricultural products, and particularly to the Common Market.

Runaway wheat production and low prices would seriously impair our chances for doing this. Other countries are not likely to be inclined to lower their barriers to our agricultural exports if they think we are threatening world prices by unrestricted production.

In negotiations carried on under the new Trade Act we must keep agriculture and industry in one package. Our best chance of getting access to export markets for agricultural products is by offering other countries access to our markets for industrial products. If our negotiators are not backed by a farm policy that takes into account our international responsibilities, then their bargaining position will be greatly weakened.

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On the outcome of the wheat referendum, thus, rides not only the question of a domestic wheat program with fair prices to the farmer but also critical questions of foreign markets and the strength of the free world.

The strength of the free world rests on the unity of its members. If we choose the wrong course, or if the EEC chooses the wrong course, the result would be gravely disruptive to the whole free world as it strives to stand together to resist Communist aggression. We must all realize that the close interrelation of the economies of the free world nations is the most powerful weapon to meet the audacious challenge stated by Khrushchev in his threat to "bury us" in an economic contest.

Before closing, let me speak for a moment directly to the wheat referendum and what it means to the wheat farmer.

The wheat program is designed to eliminate the wheat surplus, to reassure the world that it is not U. S. policy to flood world markets with wheat, and to provide U. S. wheat farmers the flexibility they need to supply the right kinds of wheat at the right time, at prices fair to wheat farmers and at a bargain everywhere in the world.

Next year is a year of decision for wheat farmers. In late May or early June, they will vote in a referendum. The choices are between wheat priced at \$2.00 and wheat priced at \$1.00; between economic survival and economic ruin for thousands of wheat farmers; between order and chaos in domestic markets; between a program honoring our international trade obligations and one resulting in unlimited cheap wheat available to dump in world markets.

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A campaign of calculated distortion has already been launched against the wheat program. A report from North Dakota stated that the 1964 allotment would be about 30 percent below the 1963 allotment. I can tell you positively this is not true.

The cry of "regimentation" is raised...yet this program, when fully implemented, will allow wheat and feed grains to be fully interchangeable... and give the farmer more flexibility and independent judgment to produce than has been possible for many years.

Consumers have been told that the program is a bread tax. Again I emphasize this is not true.

Let's look at the facts:

For farmers, the new wheat program will be simple and familiar. There will be a national marketing quota geared to our total requirements, allowing for a few years of carryover reduction.

The national acreage allotment will be flexible, based on the marketing quota.

Farm acreage allotments and the voluntary acreage diversion program provided in the law are in all respects similar to those now in effect. This voluntary feature has been largely overlooked.

The 15-acre exemption is terminated, and the producers who have used it may participate in the program.

Price support for most of the normal production on the acreage allotment in 1964 will be at least \$2.00 per bushel, and will be generally the same as now.

For the grain industry, the program offers the prospect of an expanded wheat trade -- especially when wheat can be produced on feed grain acreage. Once more, the trade can turn primarily to those functions which it has traditionally performed -- to merchandising needed supplies instead of storing unwanted stocks.

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The Department of Agriculture is hard at work on the details of the wheat program. Discussions with trade and farm groups will continue as we move toward announcement of the operating procedures of the program. These announcements will be made early enough so that all concerned will see the real wheat program -- not the distorted program of those whose scare tactics are designed to confuse farmers and to intimidate the grain industry.

The real 1964 wheat program can provide farm acreage allotments about equal to 1962 allotments.

It will provide farmers the flexibility they need -- to produce wheat on feed grain acreages -- when a feed grain program is enacted.

The 1964 program will maintain the cost to millers and bakers at about present levels -- providing no basis for the charge that bread prices will increase because of the wheat program.

The 1964 program will support the gross incomes of wheat farmers at approximately the 1961-62 level of \$2.3 to \$2.4 billion -- an attractive level compared with the other sectors of agriculture.

It is a source of great satisfaction to me that with higher yields and higher prices, incomes of wheat farmers in the Northern Plains will be especially improved this year.

But if less than two-thirds of the wheat farmers voting in the referendum next year favor the program, what will happen?

Then there would be no limits on wheat production; acreages and production will expand sharply.

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With no program, production likely will reach 1.5 billion bushels, as compared to 1.2 billion bushels annual requirements.

Then wheat prices would press against feed grain prices, and unlimited production of wheat would flood into feed grain markets. Whether corn prices were supported at \$1.25 per bushel under a 1964 feed grain program yet to be adopted, or at 80 cents because there was no feed grain program in effect, wheat prices would be disastrously low.

It is already crystal clear there will be an active aggressive effort made to defeat the wheat program in the referendum next year. In that referendum there will be two clear choices...with a favorable vote, the wheat farmer will have a price support program which you and many other farm organizations believe is designed for the needs of the 1960's. With an unfavorable vote, farmers will return to an all-out race in production and will divide up a limited market (demand based on experience will, we know, be limited)...with disastrous price consequences.

Wheat farmers will make the decision by their vote in the referendum. This is as it should be. But it ought to be clearly understood that it takes two-thirds of those voting to carry the referendum. It also should be understood that this will be a final decision on the 1964 wheat program. There will be no second choice.

If wheat farmers want \$2.00 wheat, they must speak at least two-thirds strong to that effect. If they want unlimited production and one dollar wheat, then one-third...plus one...of the wheat farmers can so decide.

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Because of the crucial importance of this referendum, we owe it to the wheat farmer to make sure he has all the facts...that he knows how the program will affect him when he votes. This great cooperative, led with spirit and conviction, with a membership of thousands of wheat farmers will be a key factor in bringing the facts to the farmer.

You have consistently provided the farmer with the accurate information he needs to make decisions. You have always clarified the farmer's interests to the public and in the legislative bodies which determine public policy. Such dynamic leadership has served the farmer well in the past, and I confidently predict will continue to do so in the future.

I predict that your efforts will contrast vividly with the repeated distortions of the truth which we have already seen about the new wheat program.

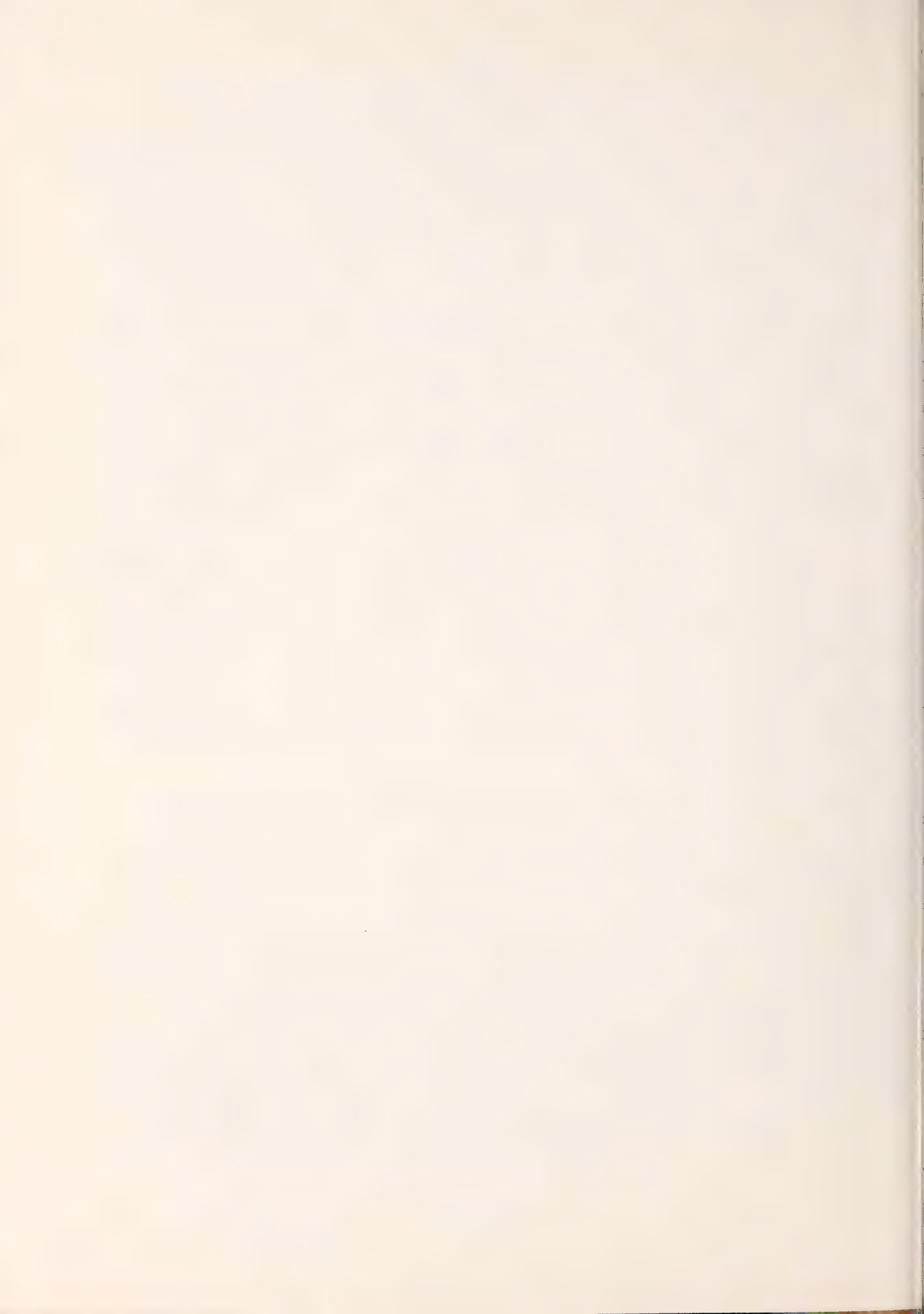
I can assure you that the Department also feels a strong responsibility to make sure that the wheat farmer gets the real facts.

Together we can make sure that the farmer has all possible information so that his vote can be the result of fact, not fiction; of careful study and thought.

It will be an important vote. Each wheat farmer when he votes will be influencing the future course of the free world. He will do it directly and as surely as the leaders of our nation -- in a very real sense even as the decisions of Congress and the President direct the course we follow.

And there will be no turning back once the ballot is in the box.

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AN AGRICULTURAL POLICY FOR TODAY'S WORLD

I regard this occasion as both a privilege and an opportunity. This Forum, sponsored by the Chicago Board of Trade, reflects your sincere concern about our national agricultural policy, and represents a constructive approach to an evaluation of many varying opinions about how to solve a major problem. I have appreciated the opportunity to participate in these discussions, as I appreciate your cooperation in our efforts to strengthen the Nation's free farm economy by achieving the kind of national agricultural policy that can best serve our needs in the world of today.

Such a policy must be directed toward basic goals.

It must assure a continued abundance, at fair and stable prices, of food and fiber, including reserves adequate to meet any foreseeable emergency, while it avoids the waste that results from production of more than we can use.

It must do this within a framework that will assure the efficient family farmer an opportunity to earn a fair income, without exploitation of either the taxpayer or the consumer; and at the same time it must seek to solve the very different income problem on submarginal land and in depressed rural areas, where not even 100 percent parity prices would bring a decent income.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman, Agricultural Policy Forum, Chicago Board of Trade, Palmer House, Chicago, Ill., Wednesday, December 12, 7 p.m. (CST).

The problem of adequate income in rural America has these two aspects. On the one hand, there is the low income that results from chronic over-production and the inability of the market to absorb at a fair price all that our efficient farms can easily produce. On the other, there is the rural poverty which can be met effectively only by educational and sociological as well as economic measures. To meet this problem we have launched our Rural Areas Development program directed toward the best use of both natural and human resources in rural America.

Under this RAD program we are developing non-agricultural employment opportunities for people, and offering help to them in qualifying for such opportunities. We are encouraging improved use of land, perhaps for grazing or for tree farming, or for the development of recreational facilities to meet one of the greatest scarcities that face our increasingly urban population today and in the years ahead, thus benefitting country and city dwellers alike. Thus our policy is directed -- not toward the idling of land -- but its wisest and best use.

Efforts to increase non-agricultural income in rural America must work hand in hand with programs to improve farm prices and agricultural income. Progress on both must be made if we are to reach our goals.

Finally, as our agricultural program makes its contribution to a sound overall domestic economy, it must seek to promote the maximum use of our agricultural productivity to promote progress and freedom in the world.

These are goals we seek to achieve. I believe that we can achieve these goals if we will do three things.

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First: We must face, honestly and realistically, the tremendous changes that the technological revolution has brought about in agriculture; and we must therefore gear our agricultural policies to the new economy of abundance that is both a great problem and a great hope for the years ahead.

Second: We must formulate our agricultural policies and programs not only in the light of the needs of all the people of this Nation but also in terms of our relationships with the rest of the world, under the conditions that prevail in the world today.

Third: We must seek to achieve the degree of public understanding that is essential for the enactment of such policies and programs, by avoiding stereotyped thinking based on conditions of the past and the kind of controversy that is based on cliches, prejudices, and terminologies alien to American thought and experience. We must clear away the cloudy semantics that have caused so much confusion in the public mind about agriculture, and speak with honesty, clarity, and precision.

Far too few Americans realize the tremendous significance of the changes brought about by the scientific and technological revolution in agriculture. Millions of farmers, spurred by the incentive and pride of ownership inherent in the American family farm economy, have applied new discoveries and new methods to their own operations so successfully that the increase in productivity in agriculture far overshadows increases in other major sectors of our economy. During the 1950's output per man hour in agriculture increased more than three times as fast as it did in non-agricultural industries. It seems ironic that, at a time when economic growth and increased productivity are regarded as major goals, the segment of our economy that has increased its productivity

the most -- the American farm -- receives the least reward in terms of income.

This scientific and technological revolution has not ended -- in fact, it has only just begun, and is gaining speed.

The following figures demonstrate the rate of acceleration of increasing productivity. In 1900, 37 percent of our labor force was in agriculture. In 1960, only 8.6 percent. A century ago one worker on the farm supplied less than five persons -- hardly more than his own family. It took nearly 80 years for that number to double, to more than 10 persons in 1940. In the decade of the forties, including the war years, the number rose to $14\frac{1}{2}$. But the acceleration in the fifties was so great the number is now 27. It will continue to increase.

We have truly, here in America, reached an age of abundance in agriculture. But since we have not adapted our policies and programs to this new age of abundance we have tended to regard it as a curse rather than a blessing. We have been hindered in our efforts to make the best use of that abundance by concepts no longer valid because they harken back to an age of scarcity.

The fundamental fact that we must recognize is that American agriculture is producing more than we can use. The demand for food is inelastic. If your income doubles, you may buy twice as many clothes, twice as many cars, or twice as many TV sets. But you can't eat twice as much food.

Even a small surplus of food drives prices down. History shows that lower prices tend to cause the farmer to raise still more. Most of his expenses are fixed. In the absence of effective programs, the only way he

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sees to counteract lower prices is to produce and sell more. Acting alone, the farmer has no other choice.

How, then, can we gear our agricultural policies to manage this abundance?

We cannot do it by reverting to a policy of laissez faire, abandoning all farm programs and allowing the so-called laws of supply and demand to determine production and prices of farm products.

Independent and authoritative studies agree that if we were to follow such a policy today the drop in farm income and farm prices -- including those of non-supported commodities such as livestock and poultry, as well as those of grain -- would be so sharp as to be disastrously destructive of our farm economy and our small town business.

Under such a price squeeze millions of farmers would be forced to quit. Efficient as they might be, they would lack the financial strength to survive. Now, maybe, under our new technology we do not need even as many farms as we have today. Obviously the trend is toward fewer and larger farms. But we cannot allow machines to displace men without providing those men with the opportunity to find and qualify for other employment.

We cannot suddenly tell the small, independent businesses on main street that they might as well close down. We cannot allow the family farms of this nation to be put through such a wringer that the farm economy would be totally unrecognizable.

Proposals to use a drastic drop in farm prices to hasten the migration of farmers out of agriculture, and to temper the hardship caused by this process

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by training them for new jobs, forget that most of the farmers are over 45 years of age, when it is hard for even the experienced and trained to find jobs. The problem of rural poverty would in part be transferred to urban areas, where an influx of farmers forced off their farms would add to the problem of unemployment and put an additional obstacle in the path of economic growth.

Even at this cost, the abandonment of farm programs and the attempt to solve the problem of surplus by suddenly and sharply cutting down the number of farmers could not provide a permanent solution. Even if production were lowered for a while, the continued trend of increasing productivity would soon bring about a new cycle of overproduction, particularly in wheat and feed grains, on our millions of fertile acres that can be cultivated by fewer and fewer men. In the case of many other commodities, financially powerful interests could promote vertical integration and contract farming, thus controlling production and limiting supplies to quantities that would bring a profit. This would be supply control by private interests, and consumers as well as farmers would suffer.

Analyses of all such proposals serve to confirm our position: that an agricultural policy for today's world must be based on the principle of supply management, whereby agriculture would be provided with a means of doing, through government, what most industry does for itself when it adjusts production to the amount it can sell for a profit.

Supply management is neither new nor revolutionary, even though some have tried to portray it as "un-American" or even sinful. Supply management programs have worked successfully for decades for such commodities as tobacco, cotton

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peanuts and rice. Supply management programs, as applied by this administration during the past two years to wheat and feed grains, have succeeded in decreasing our stockpiles -- by 150 million bushels of wheat and 28 million tons of feed grains -- while farm income has been increased more than 10 percent.

Let me make two points perfectly clear with regard to the meaning of supply management programs.

First: supply management is the effective adjustment of supplies to needs at fair prices. It may be accomplished either by voluntary means, or by programs that become mandatory after they have been voted on and accepted by a two-thirds majority of the farmers.

But they must be effective.

All of us prefer voluntary programs where they can be effective and where their cost can be kept within acceptable bounds. The voluntary feed grain programs of the past two years had to deal with accumulated stockpiles of monumental proportions, and required high government expenditures, but they have been even more successful than we had hoped in reducing those stockpiles. Consequently, with reserves beginning to approach amounts needed for security, our problem is different today. If the 1963 program can meet with equal success without undue cost to the national budget the case for supply management of feed grains by voluntary means will be substantially strengthened.

The 1964 Wheat Program illustrates another important approach to supply management. Most of the features of that program that affect farmers directly are familiar. There will be a national marketing quota, announced before

April 15, 1963, which present estimates place at about 1,100 million bushels. There will be a national acreage allotment. Farm allotments will be handled in much the same manner as they are now handled and will be as large as possible, consistent with the national allotment. A voluntary acreage diversion program, with payments for two years, is provided in the law.

The grain trade, however, is most interested in the price support or marketing certificate features of the new program.

Instead of a price support loan between 65 and 90 percent of parity on all wheat, producers will be eligible for price support on a specified number of bushels of wheat, equal in the first year to about 85 percent of the normal production on the acreage allotment. Any additional wheat produced will be seeded, fed, or marketed at a price related to its feed value or to the world price of wheat. There is a limit on the amount of wheat eligible for the higher price support, and a lower price support is provided for any other wheat produced.

Farmers will market their "certificate wheat", or place it under loan, in much the same way they now market wheat which is eligible for price support. It is expected that once wheat is in trade channels, however, it will be marketed without regard to certificates.

The Department began consultations with the grain industry on the "rules of the game" nearly a year ago. One such conference was held at the Chicago Board of Trade. These discussions will continue. Early next year extensive discussions with the grain industry will be held to lay out our tentative plans for the program prior to announcement of the regulations. We will make the administration of the certificates as simple as possible. We hope to announce the major program details affecting both farmers and the grain trade

well ahead of the referendum to be held late next spring.

When approved by farmers in the referendum, this program will:

1. Remove the remaining wheat surplus within a few years;
2. Provide adequate supplies of all classes of wheat through flexible allotments, and if a feed grain program is in effect, by making it possible to produce wheat on feed grain acreages in place of other feed grains;
3. Provide a new flexibility to wheat markets by making it possible for wheat to be traded near world and feed value prices;
4. Maintain farm income;
5. Reduce Government costs.

If the program is not approved in the referendum, it will be disastrous for the great majority of farmers, and will lead to chaos in both domestic and world markets. Supply management is thus tied to both domestic and world problems.

The second point I wish to make with regard to supply management is that it works both ways -- up as well as down. It is directed toward adjustment of supply to meet needs. It can be used to expand production to meet increased needs as well as to reduce production to avoid surpluses. It not only can be so used ... it has been used for this purpose.

Soybeans provides a good illustration. At the beginning of the 1961 crop year stocks of soybeans were being reduced. Only some 6 million bushels were in storage, roughly one percent of the Nation's annual requirements.

There was considerable speculation, which pushed market prices to as high as \$3.50 a bushel, considerably above the 1960 support price of \$1.85, but little of this inflated price reached the farmer. And we were losing foreign markets and dollar sales at a time when a higher level of exports would have helped reduce our balance of payments deficit.

At the time this short supply was developing in soybeans, we were adding about 350 million bushels of feed grains to an already heavy surplus. This grain was being produced on land that could be used for soybeans. In February, 1961, I increased the support for the 1961 crop of soybeans to \$2.30 a bushel, for the purpose of both increasing farm income and to divert land from the production of feed grains to soybeans.

This action was bitterly criticized. I was charged with creating a surplus and with choking off exports because of higher prices. But the results have effectively justified this action. Farmers received higher prices for a greater volume, so that farm income from soybeans was \$400 million higher than in 1960. Exports of soybeans, soybean oil and soybean meal rose to record levels, and domestic use of soybeans reached a new high. Carryover reserve stocks into the 1962 crop year were brought up to between 55 and 60 million bushels -- about one month's supply, and we expect stocks at the end of the current season to be at about the same level. This means that the entire 1962 crop will go to market.

Thus the soybean program in 1961 and 1962 increased production of a commodity in short supply; provided a more adequate reserve of a vital product; increased income to farmers; expanded foreign markets to earn more trade dollars; and contributed to a reduction of surpluses of feed grains.

This is supply management in the positive sense.

Another positive aspect of supply management is that it is directed toward total need. A part of our total need for food and fiber in today's world is that for adequate reserves to meet any emergency. Since the time of Joseph in Egypt prudent leaders have been concerned with reserves sufficient to survive lean years that might result from the vagaries of nature. But, today, emergency reserves must also be designed to meet special needs that would result from a Korea-type war, and also the even more crucial and complicated needs that would result from a nuclear attack. Only a few weeks ago the people of this Nation were thinking of such needs most seriously. Certainly it would be gross negligence for a nation with adequate supplies to fail to provide sufficient reserves, stored under such conditions as would be most useful, in readiness for any eventuality. This is a part of supply management that is essential for defense, and its cost should be chargeable, not to agriculture, but to the defense of the Nation.

Finally I would like to point out that when supply management programs become truly effective, government operations in handling commodities can diminish. The deadening burden of stored surpluses and of annual surplus production will be lifted. Once surplus stocks are removed, and effective supply management programs make large annual commodity acquisitions unnecessary, CCC merchandising activity will decline. Our goal, therefore, is progress toward an agricultural economy sufficiently balanced so that the role of Government programs and payments will progressively diminish, yet be sufficiently productive and flexible so that we can meet any needs that may arise.

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I should like to turn now to the necessity for formulating our agricultural policies and programs, not only in the light of the needs of all the people of this Nation, but also in terms of our relationship with the rest of the world.

International relations today affect every aspect of our economy -- and of our lives. The United States is committed to a policy of expanding world trade. It is dedicated to economic and political policies that will strengthen the free world. Every domestic program is affected by these facts.

The United States is the world's largest exporter of food and agricultural products -- currently at the peak rate of more than \$5 billion a year. Of this amount, we sell about \$3½ billion as commercial exports, and the remainder we make available on generous terms to less developed countries.

It goes without saying that our agricultural exports are of utmost importance, not only to our farm economy but to our over-all economic position and our balance of payments. It is important to us that we export enough to make up for the deficit that is incurred primarily in the discharge of our security and assistance commitments around the world.

Among the most hopeful and encouraging developments since World War II have been the reconstruction of Western Europe, to which our Marshall Plan contributed so much, and the development of the European Economic Community. Through the Common Market it is hoped that the free nations of Western Europe may further increase both their economic and political strength, and the United States is eager to contribute to that end. But we are seriously concerned about increasing evidence that the EEC is leaning toward a highly protectionist, trade restrictive policy where agriculture is concerned.

For American agriculture, such a trend is especially critical. Each year the United States exports \$1.7 billion of agricultural commodities to Europe, more than a billion of which goes to the six Common Market countries. These six bought about 30 percent of our commercial wheat exports, and nearly half of our commercial exports of feed grains. And if the United Kingdom joins the Common Market, it will account for an even greater share. This is why I have given so much attention, for over a year -- but particularly in recent weeks, to efforts by our Government to combat the protectionist trend in the Common Market.

The problem for American agriculture arises as the EEC develops its common agricultural policy. France now supports wheat at about \$2.15 a bushel; Germany supports it at more than \$3.00 a bushel, and these prices are for a quality of wheat that brings 30 or 40 cents a bushel less, on world markets, than our hard red winter wheat. If the common agricultural policy of the EEC should settle at a price close to the German level, and offer such high prices to French farmers, the French would probably put six million additional acres into wheat. They could then supply nearly all Common Market needs, and create a surplus that would press toward "dumping" and consequent chaos in world markets.

The EEC is moving to apply variable levies on grains, poultry and other commodities to effectively prevent any imports coming in at less than domestic support prices. If these target prices should be established at unreasonably high levels the result will be a substitution of uneconomic production within the EEC for imports. It is thus critically important to us that these prices should be set at moderate levels, if the United States and other agricultural exporting nations are to have continued access to EEC markets.

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Thus I tried to make it clear, when I spoke at the OECD meeting in Paris, that while we do not object to Western Europe adopting a common agricultural policy, or developing a large single market area like we have in the United States, we do believe that this should not be done at the expense of friendly nations and in disregard of international responsibilities. All we ask is a chance to compete fairly and responsibly.

In the new Trade Agreements Act the President has new authority to negotiate tariff reductions. Our government intends to use this authority to improve access to world markets, and particularly to the Common Market, of our agricultural products. To do this most effectively we must insist on keeping agricultural and industrial products in one package in our negotiations under the new trade act.

What does this have to do with our domestic agricultural policy? Remember that we negotiate with nations that are both friends and competitors. Remember that these nations express fears that we may destroy their markets by dumping surpluses. Remember that not only is trade a two-way street, but negotiation is two-way bargaining. If we do not manage our supply effectively to prevent huge surpluses, then we will not be able to back our negotiators with a responsible farm policy, and our bargaining position will be seriously weakened.

Thus, as I noted earlier, a disapproval by referendum of American farmers of the 1964 Wheat Program would contribute to chaos in world markets. Unlimited production that would result would create enormous pressure to sell at any price, and it would become almost impossible for us to get the Common Market to adopt reasonable trade policies in agricultural products. On the other hand,

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if American farmers vote to adopt a responsible supply management program we will be substantially strengthened in our efforts to get the EEC to likewise pursue responsible, trade expansive policies.

I would like now to turn briefly to the question regarding the role of American agricultural policy in strengthening that part of the free world which, unlike Western Europe, is neither highly industrialized nor blessed with surplus agricultural capacity.

Agriculture is of utmost importance to the underdeveloped, emerging nations of the world. Most of their people till the soil. Yet most of their people are hungry. In their newly won independence, in their revolution of rising expectations, they are today desperately seeking the industrial development that characterizes economic maturity and a higher standard of living. They confront the fact that in today's world it is the advanced, highly industrialized countries that demonstrate the highest agricultural productivity, while underdeveloped nations striving for industrialization face static -- or even declining -- agriculture. Unless they can increase their agricultural productivity, programs for industrial development cannot succeed.

The United States is deeply concerned to assist economic growth in underdeveloped areas. Basic human decency and morality impel us to care about those who suffer from hunger and want, but, in addition to this, there are more mundane reasons.

First, our own security depends on the prevalence of conditions under which the people of underdeveloped nations can hope to achieve higher standards under free institutions.

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Second, our own continued economic growth demands rising standards elsewhere, among people with whom we hope to develop expanding trade relations. One might illustrate this by pointing out that you can't sell food to a man who has no money, no matter how hungry he is. First you give him some food -- either outright or on long-term credit. Then you help him find a job to enable him to pay his own way and buy what he needs in the market place. A few years ago we provided Japan with food under Public Law 480. The Japanese learned to eat wheat. They have become one of our best paying customers.

The contributions that American agriculture is called upon to make thus take two forms.

One is technical assistance, which, in turn, is of two kinds. We can share the technical and scientific knowledge that makes for better farming -- including such things as irrigation, soil fertility, the breeding and development of better field crops and farm animals. But this kind of assistance is of limited value unless it is accompanied by education for those who cultivate the land, unless it includes assistance in making the kind of social and institutional changes that will help bring about better use of both natural and human resources.

In this regard, I should like to emphasize the importance of encouraging and assisting emerging nations to develop a land tenure system that -- like our family farm system -- is characterized by private ownership of farms by those who operate them, thus stimulating efficiency and progress by individual ownership and incentive. Many of these nations face major problems in their search for land reform. They feel impelled to choose the system of land ownership and cultivation that will bring about the increase in productivity they must have. They face the rising clamor of those who till the soil for ownership of the land they till.

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I believe that we have only begun to make effective use of the challenge that American agriculture can issue to the nations and peoples that face a choice between democracy and communism. No feudal estate, no state-owned farm, no plantation, no collective -- none of these has ever achieved the abundant productivity of the American family farm. No one of these has ever produced an agricultural economy that has contributed so much to over-all economic growth. No one of these has ever equalled it in the development of a high level of citizenship and sense of personal dignity and worth.

I believe that we should bring this point home whenever and wherever we can. It should not be hard, at a time when the largest communist nation in the world is suffering from hunger, and when the next largest communist nation fires its minister of agriculture, and changes its policies, because agriculture has not produced enough. When I was traveling in India last year, a government official there stated that they were not nearly as much impressed by American industrial development as they were by the fact that, with only 8 percent of our labor force, we were able to produce more than enough food!

And this leads to the second way in which American agricultural policy contributes to strengthening the free world -- through our program of Food for Peace. We have contributed \$14.5 billion worth of the products of our agricultural abundance to relieve hunger, meet emergencies and promote economic development. Through this program we have done much more than relieve human suffering. We have used food as partial payment of wages for work-intensive projects such as cropland restoration, building irrigation and drainage facilities as well as schools and roads. Through school lunch programs abroad we have helped support health and stimulate education for 32 million children in 90 countries. By preventing food scarcity we have helped to prevent disastrous and destructive inflation in countries like India and Pakistan

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that, in their drive for industrial progress, faced a serious increase in demand for food. I am convinced that we have only begun to explore the potential value inherent in the use of food to stimulate and assist economic growth and development.

Thus our food "surpluses" become, in fact, an instrument for peace and progress. In world-wide terms -- and we are forced to think in world terms in an age when satellites, and missiles, can circle the globe -- there can be no real surplus of food as long as people are hungry.

And, therefore, our Food for Peace program must be a part of our national agricultural policy. It is another reason for supply management. As we adjust our production to supplies that we can use, an enlightened agricultural policy would include, in any calculation of the total quantities we need, those quantities that can be used effectively to promote peace and progress throughout the world. The cost of such programs, like the cost of reserves to meet emergencies, cannot justly be charged to agriculture alone. It is rather a price worth paying for the defense and the security of the people of this Nation.

I should like to conclude by summarizing the principles that I believe must guide us in formulating and achieving a national agricultural policy that will make its maximum contribution in today's world.

First, we must recognize the inter-relationships and interdependence that characterize our age. No enlightened farm policy can be framed entirely in terms of wheat, or cotton, or any commodity by itself. Nor can it be framed in terms of farmers only, or the grain trade only, or the processors and marketers of commodities, or the whole agri-business community. Nor can it be considered even in terms of the entire domestic economy of the United States, by itself.

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For the United States isn't "by itself". No matter how much it complicates our problems, agricultural policy must be considered in terms of the needs of all our people, of every segment of our economy, and of the position and responsibility of this Nation as a leader of the free world.

Second, we must face squarely the challenge of the age of abundance in American agriculture, and manage that abundance by realistic supply management programs as a flexible instrument that will increase production of those commodities for which more is needed, as well as limit production to amounts that we can use. We must recognize that, while effective supply management is directed toward conditions under which the efficient family farm will earn a fair income, there is another aspect of the problem that must be approached by broad programs to re-direct those human and natural resources in rural America that are neither needed for nor suited to agricultural uses into other fields to meet other needs.

I realize that these requirements -- that we view agriculture as a whole, in terms of the national and world picture, and in the light of modern science and technology -- these requirements make the attainment of such an over-all policy even more complicated and difficult. Greater public understanding -- on the part of national leaders, of farm groups, of commodity and trade groups, of the farmers themselves and the non-farm public as well -- becomes absolutely essential.

We cannot afford stereotyped thinking that echoes cliches of the past that have no validity today. We cannot afford name-calling and partisan references to ideologies and "isms". We are concerned, not with doctrines, but with methods and policies that work, in the American tradition.

I am confident that if we discuss our problems and adjust our differences with these principles and goals in mind we can have a national agricultural policy under which efficient farmers can attain fair incomes under conditions of real freedom, under which American agriculture will continue to provide American consumers with more and better products at lower real cost than ever before, under which rural areas can revive and prosper, and under which our abundant agricultural productivity can make a maximum contribution to progress and freedom in the world.

THE FARMER'S STAKE IN THE WHEAT REFERENDUM

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Dec. 13, 1962
I am here today for three reasons.

First, I wanted to come here to personally thank the members and leadership of the National Association of Wheat Growers for your support of the Agricultural Act of 1962 with its key provision for a two-price certificate program for wheat.

Second, I want to emphasize something you already know...an Act of Congress is only the first step required to put the two-price wheat certificate program into action. If this new program, which you have worked so long to get, is to serve the wheat farmer...it must be approved by the wheat farmer in a referendum.

Third, I want to make it as clear as I can that more is at stake in the coming referendum than the future prosperity of the wheat farmer...important as that is to all of us. The security and welfare of millions of people in the free world also will be directly affected by the outcome.

The Wheat Growers association has provided outstanding leadership in the past to its members and, through them, to agriculture. It has helped to secure practical legislation...it has helped to acquaint its members and other farmers with the vital role which foreign markets play in the strength of our domestic wheat economy...and you have helped to make clear that the close, working partnership between the farmer and his government is the keystone in the success of an expanding agriculture.

Address by Secretary of Agriculture Orville L. Freeman before the National Association of Wheat Growers, Denver Hilton Hotel, Denver, Colorado, 12:30 p.m., MST, December 13, 1962.

I doubt, however, if any greater challenge has come to this organization than the one you will have next year. Opponents of farm legislation are fighting your wheat program today...without even knowing its provisions...and without knowing what will happen to the individual wheat farmer if the program is approved or rejected in the referendum. It is blind, unreasoned opposition...and therefore the most destructive.

You can only combat it with the truth...with the factual information that free men must have if they are to make the decisions which a democratic system requires of them. I firmly believe that free men, provided they are fully informed as to all the consequences of alternative choices, will make the right decision. Our task today is to make sure that the wheat farmers understand the consequences of their decision in the wheat referendum.

It is important, then, to take a look at the wheat situation, and at the 1964 wheat program.

Farmers today can produce more wheat than we can eat, feed, use industrially, market abroad, or even give away. They will do this for many years even at very low prices since most wheat producing areas have few good alternative crops.

Yields have been increasing, and may soon increase even faster. The national average was 16 bushels per acre in 1955, and a record 26 bushels in 1958. We can now expect national average yields around 25 bushels per acre. With the minimum acreage allotment of the old law--55 million acres--crops of 1.3 to 1.4 billion bushels were expected. Our commercial

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markets today are little more than half that level--700 million bushels. Despite Food for Peace exports which have run in excess of 400 million bushels, the wheat surplus was sure to go up until the old law was changed.

Let's take a realistic look at our wheat markets--the markets you have helped to build and to hold through Western Wheat Associates, Great Plains Wheat, and other groups.

Dollar exports of wheat (excluding flour) have ranged from 100 to 200 million bushels in the last five years. Exports of wheat financed under special programs range from 215 up to 400 million bushels in those years. Since 1957, then only about one-third of all exports were for cash. Nearly 80 percent of Hard Red Winter exports and two-thirds of White Wheat exports moved through the Food for Peace program. From 1960 to 1962, 60 percent of all Western White Wheat produced was exported under the Food for Peace program.

Equally important is the fact that the costs of the wheat program, plus all export costs associated with wheat, have been as much as 60 percent of the value of wheat production in some recent years. For example, in 1959 these costs totaled one billion dollars, or 50 percent of the value of wheat production. In 1960 they were 1.2/^{billion,} or 49 percent. Yet, farm income fell despite these expenditures. Farm income can be increased and costs can be reduced only by reducing the surplus and by building dollar markets where they do not exist today.

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But for years action on a wheat program had been postponed. It seemed the day would never come when runaway production could be checked... when surpluses could be reduced...when farm income could be built on a stronger foundation.

But wheat producers have always thrived on uncertainty; you have always lived on hope; and you have never stopped working.

You worked for the domestic parity program in the 1950's, and developed the Wheat Stabilization Plan in 1960 -- looking toward the day when constructive wheat legislation would be considered on its merits by both Congress and the Administration.

You supported the 1962 emergency wheat programs which will reduce the carryover this year. And your support was the key factor in the enactment of the wheat provisions of the Agricultural Act of 1962 -- the Wheat Marketing two-price Certificate Program.

The fact that a start was made in reducing the surplus, and at the same time improving farm income in 1962 makes the 1964 program even more important.

By April 15, under the new program, the Secretary of Agriculture must determine how much wheat we need from the 1964 crop and what acreage will be needed to produce it.

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Before the middle of June, producers will decide whether to adjust their production to what the market will take in return for price supports, or whether to take all they can produce to the market -- with no upper limit on wheat production, and virtually no lower limit on wheat prices.

There is much more at stake here than wheat prices alone. However, I want to discuss the direct effect of the wheat program in more detail before going into the broader issues involved.

The first discussions on the wheat program we now have were held by farmers before some of the people in this audience were born. It is not a new and radical program. This type of program originated in the 1920's. Congress approved the "Domestic Parity" plan in 1956, providing a marketing certificate program for wheat used for food in this country.

It is the soundest approach to our wheat situation because the wheat market can be divided into two main parts -- domestic use and exports. All of the various two-price or certificate plans which have been proposed involved a relatively attractive level of price support for the amount of wheat used as food in the United States with lower prices for wheat for export.

The new wheat program enacted in September is substantially the same program as was approved by Congress in 1956. There have been some changes made, particularly to assure price supports between 65 and 90 percent of parity for a larger share of the crop than was provided in the 1956 proposal. This will avoid production of feed grains on acreages diverted from wheat

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as happened under past wheat programs. But except for these changes, the two-price wheat program just enacted is essentially the program long under discussion by wheat producers.

You are acquainted with all the production adjustment features of the program. There would be a national marketing quota equal to total requirements for wheat (minus CCC carryover reduction), a national acreage allotment geared to the national marketing quota; farm allotments based on the national allotment.

A voluntary acreage diversion program is provided to supplement any reduction from the 55 million acre allotment. This part of the program has been generally overlooked.

The most important features of the program to farmers, naturally, are acreage allotments and price supports. Opponents of the program have already pushed the panic button on both acres and prices. North Dakota farmers have been told, for example, that their acreage allotment may be reduced by 30 percent from 1963. This is not true. The facts are that we will need around 1,100 million bushels of wheat in 1964; this will require some 44 million harvested acres, which means a planted acreage substantially larger than that.

I can assure you right now, that the 1964 national wheat allotment will not be more than 10 or 15 percent below the 1963 allotment. We will make every effort to expand exports so that your farm allotments in 1964 can be as large as in 1962.

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And we are going to use the voluntary acreage diversion program provided in the law to the maximum extent possible to assure a major reduction in the wheat surplus in 1964.

Payment rates will be consistent with our goal of strengthened farm income, the continued reduction of surpluses to a reserve level for security and stabilization needs and the commitment to raise the level of the rural economy to that of the country as a whole.

Certificates will be issued for all of the wheat needed for food in this country and for part of the exports. Farmers who plant within their acreage allotment can market all the wheat they produce.

Price supports for "certificate wheat" will be at least \$2.00 per bushel.

Price support for wheat without certificates will be around \$1.30 per bushel. There is no basis for any claim that wheat prices will be 90 cents per bushel in 1964-- if the program is in effect.

Under supply circumstances as they were when I testified before the Agriculture committees last spring, I would plan to issue certificates on about 925 million bushels of wheat.

While the amount of certificate wheat cannot be determined exactly at this time, you may be sure that the lion's share of total production will be covered by certificates providing for \$2 wheat.

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Another question we hear quite a bit is this: Will the "substitution clause" be used -- can wheat be grown as a feed grain -- in place of barley or sorghum? We don't have a feed grain program for 1964, but we hope to get one. We feel the success of the feed grain programs in the past two years merits their continuation. If we do have a feed grain acreage diversion program, we most certainly intend to have a substitution provision so that wheat producers can use their feed grain acres for wheat and vice versa....

Producers in the wheat states also have long wanted to end the 15-acre exemption. As you know, the new law does just that. The 15-acre producers can elect to participate, vote and use the program. But they no longer will be carried by the producer whose main income is derived from growing wheat.

In total, this is a program which is designed specifically for the wheat producer. It carries the opportunity for fair income for the grower, because it assures him of a fair price for his crop. It will permit a steady reduction of the carryover and should bring stocks down to reserve levels in three or four years.

It is the farmer's program...because it will work to his benefit and to the benefit of us all, if he wants it to. If the farmer does not want it to succeed, it will fail...and with it many other things as well.

In the time remaining I want to discuss one of these. Let me return briefly to the third point I made at the beginning of my talk...to the stake the entire free world has in the coming referendum.

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There actually are two events related to wheat that will occur next year which will have a crucial effect on the welfare of people here and in Europe...and on the strength of the free world.

Both seem distantly related...but in fact are tied closely together. One is the setting of the common agricultural price for wheat in the European Economic Community (Common Market) and the other is the wheat referendum here in this country.

In Europe, the Common Market will decide whether the price of wheat within the member nations will be set at a high or moderate level. In the United States, wheat farmers will approve or reject in a referendum the new wheat program.

A high internal price for wheat in the Common Market, or the rejection of the wheat referendum in this country would have the same effect...a major disruption in world trade patterns, and in the free world economy.

A moderate internal price, or the approval of the wheat referendum, could encourage a further acceleration in the expanding level of free world trade...and add to the strength of the free world.

In other words, the decisions which free men on both sides of the Atlantic will make are the intimate and direct concern to all of us...whether we are farmers, bankers, bakers or mechanics, and whether we live in Colorado, Kansas, Belgium, or France.

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I believe I can make this clearer by recounting my recent experience in Paris where it was my privilege to present a major foreign policy speech before the Agriculture ministers of the countries which are members of the Organization for Economic Cooperation and Development.

I stressed the interdependence of the western alliance and emphasized the need for nations and groupings of nations to formulate their agricultural policies so as to maintain a high level of international trade consistent with the principles of fair competition.

In particular, I laid before my European colleagues our concern about the emerging agricultural policies of the EEC and our desire to see grain support prices fixed at moderate levels.

We are sharply troubled by the mounting evidence that the EEC is leaning toward a highly protectionist, inward-looking, trade restrictive policy. It is moving to apply variable levies on imports of grains, poultry, and other commodities that compete with its own production.

Variable levies are simply a device for preventing any imports from coming in below domestic support prices. These levies and minimum import prices, combined with a high level of internal target prices, serve to give domestic producers within the EEC unlimited protection. I cannot over-emphasize the seriousness of this situation.

Wheat support prices in France are now about \$2.15 a bushel. German farmers get over \$3.00 a bushel...and, I might add, these prices are for a quality of wheat that in world markets brings 30 to 40 cents a bushel less than our hard red winter wheat.

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If French prices move up to near the German level, probably 6 million additional acres would go into production in France. French output could supply nearly all the Common Market needs, and leave a surplus which could only move into international trade at cutthroat prices. We don't think this would be fair or just or reasonable to us and to the free world.

I made it clear that I was not objecting to the Common Market adopting a common agricultural policy or developing a single integrated market like we have in this country -- I simply said this should not be done at the expense of farmers in other friendly countries. In making their decision on the level of grain support prices, I asked them to keep in mind their international responsibilities.

Now if we are going to throw bricks at other peoples' houses, we must accord them the same right. And before the bricks start coming our way we need to stop and see if we are living in a glass house. If we expect others to act responsibly when it comes to setting agricultural policies, we must continue to do so ourselves.

That is why the outcome of the wheat referendum is so intertwined with our international trade policy. If the referendum is turned down we will have utter chaos. There will be no marketing quotas, no marketing certificates, no conservation payments. Under law, price support would be available at 50% of parity only to those who comply with their 1964 acreage allotments. The international effects of runaway wheat production would be the same as if the Common Market adopts a high wheat support price near the German level. A ruthless price cutting competition would develop among major grain exporters. Market outlets at the lower price, rather than

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expanding, would likely shrink as other countries adopt measures to protect their own growers.

The Congress has just given the President new authority to negotiate tariff reductions. We intend to use this authority to improve access to world markets for our agricultural products, and particularly to the Common Market.

Other countries are not likely to be inclined to lower their barriers to our agricultural exports if they think we are threatening world prices by unrestricted production.

We intend to keep agriculture and industry in one package in trade negotiation...it is our best chance to get access to export markets. If our negotiators are not backed by a farm policy that takes into account our international responsibilities, then their bargaining position will be greatly weakened.

On the outcome of the wheat referendum thus rides not only the question of a domestic wheat program with fair prices to the farmer, but also critical questions of foreign markets and the strength of the free world.

We owe it then to the wheat farmer to make sure he has all the facts...that he knows how the program will affect him when he votes. Together we can make sure that he has all possible information so that his vote can be the result of fact, not fiction; of careful study and thought.

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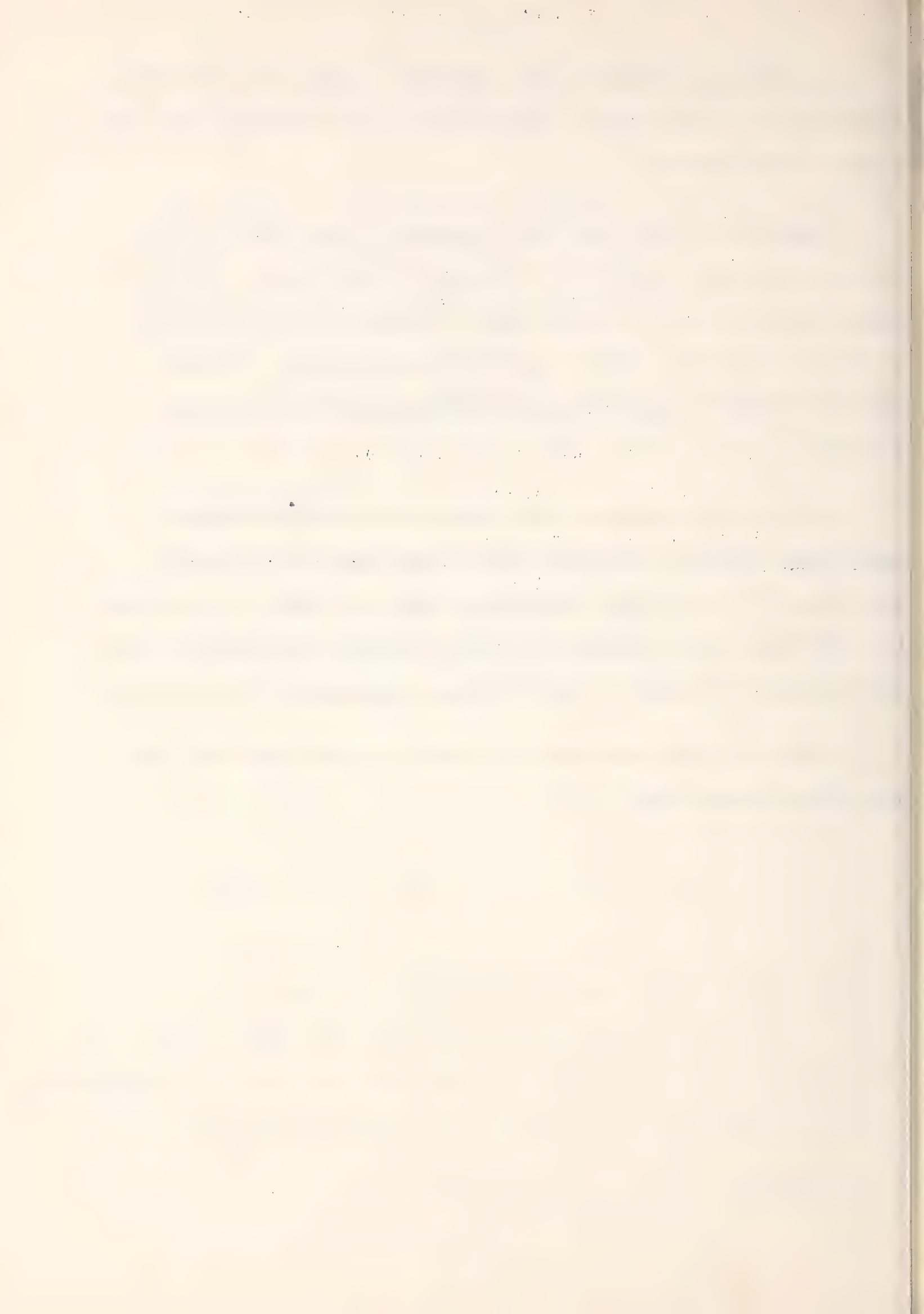
It will be an important vote. Each wheat farmer will be deciding between \$2 wheat and \$1 wheat...but he also will be influencing the future course of the free world.

There are not many times when any person, by one individual act, can have so decisive an effect on the course of world events. Because the coming referendum is one of those times, it places great responsibility on each of us...on you and me to provide full and adequate information...and on the farmer to consider and understand all implications of his decision.

For years the American farmer has led the world in showing how agriculture can provide food and fiber at lower and lower real cost to the consumer. The challenge the American farmer has today is to maintain his world leadership by demonstrating that a mature agricultural economy also can assure the farmer a level of income comparable to the non-farmer.

This is the challenge...and I believe the wheat farmer will meet it as he has always done.

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I welcome your invitation to meet with you here tonight because it gives me an opportunity to discuss with you a new aspect of agricultural policy which can be of great benefit to your communities.

And I also welcome this meeting because I want to ask for your help. I want to challenge you to help rural America.

The new policy I speak of is the creation within the Department of Agriculture of the Rural Areas Development program -- the first major change in farm policy direction since the 1930's.

In the past two years we have made sound progress in bringing Rural Areas Development from a vague concept to a specific and detailed program which can bring new economic opportunity to rural America. We have both recognized and taken vigorous action to meet the problem of under-developed areas in our own country. And I say under-developed advisedly, for there are many areas in our own country which lag far behind the rest of the Nation. These areas desperately need economic and technical assistance.

Let's take a frank look at this problem. I doubt whether many people appreciate the fact that over 15 million American citizens in rural areas live in dire poverty -- 15 million Americans living under conditions which by our average standard are terribly inadequate.

Address by Secretary of Agriculture Orville L. Freeman at National Association of Counties' Grazing, Water, and Revenue Conference and Western Regional District Meeting, Las Vegas, Nevada, December 13, 1962, 7:30 p.m., (PST).

Too few Americans realize these grim facts. Too few realize that almost half of those people classed by the Census Bureau as farm operating families fall into an inadequate income category. Too few know that of the 8 million families in this country today with incomes of less than \$2,500, some 4.1 million live in rural areas.

About 10 percent of these families are Negro or Indian -- minority groups on which added disparity of opportunity is piled on top of the usual disparity of rural income and job opportunity.

More than one-fifth of the 22 million youths who live in rural America are in poverty families...and each year 200,000 more children are born into these families.

Perhaps these statistics sound like a description of some of the developing nations we are seeking to help around the world...on the contrary they describe conditions in our own society.

Now this administration has begun to develop ways to get our own under-developed areas moving ahead,..as well as those in other Nations. The actions we have taken should have been taken long ago.

Some of it has been administrative action which could have been taken any time the will to act was there. Other steps involve legislative action which could and should have been requested years ago.

Let me review some of these steps briefly.

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*We have reorganized the services in the Department under Assistant Secretary John Baker to enable the Department to more effectively carry out the objective of rural growth. The Forest Service, Farmers Cooperative Service, Farmers Home Administration, Rural Electrification Administration, Soil Conservation Service and the Office of Rural Areas Development are the effective action agencies in this undertaking. This new grouping of agencies is working closely with the Federal Extension Service and the Agricultural Stabilization and Conservation Service to develop new rural resources.

*We have, with strong local cooperation, organized rural development committees in 1800 counties. Well over 50,000 persons who live in rural areas or in small towns serve on these committees. They are preparing thousands of projects which will help create the conditions essential for economic growth.

*We have backed these citizen committees with technical action panels of USDA employees in each county. These are core panels made up of the local FHA supervisor, the soil conservationist, the ASC committee chairman and the forester which can give advice and assistance on local projects.

*The Housing Act of 1961 provided that the Farmers Home Administration could make loans to persons living in small towns -- those under 2,500 -- for the first time...and we have extended more than 15,000 loans for new homes or to modernize the old ones in the last 16 months.

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*The Senior Citizens housing act further extended our authority to assist elderly persons in rural areas to obtain modern housing facilities. Less than two months after the law was enacted, we had approved loans for \$100,000 for housing facilities for senior citizens in 11 states.

*The single most significant advance in rural areas development came with the enactment of the Agricultural Act of 1962.

-It provides authority to initiate rural renewal projects, a tool which can be most effective in helping rural areas in the most serious economic trouble. We can provide technical assistance and loans to local public agencies designated by the Governor or the State legislature to develop comprehensive, far-reaching programs in rural areas which are similar in purpose and scope to the more familiar urban renewal projects.

-It places the Agricultural Conservation Program on a permanent basis, marking turning point in land use legislation. It makes many farmers eligible for additional help under long-term agreements with USDA to change cropping systems and land use and to develop soil, water, forest, wildlife and recreational resources. Much of the land coming out of the conservation reserve will be eligible for the new land use adjustment program. The Act authorizes USDA to share with local public bodies up to half the cost of land, easements, and rights-of-way for small watershed projects to be dedicated to public recreation.

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Earlier this week we announced the first pilot program to develop the most effective techniques for converting land on which crops are now grown to other uses -- grazing, timber, recreation and others. This is in line with our philosophy that the land resources of rural America should be used and not lay idle.

-It gives new authority for FHA loans for outdoor recreational enterprises at a time when the Department was getting thousands of inquiries about such enterprises. The large number of requests for information about the opportunities for family farms and groups of farmers under this program reflect a high degree of interest -- and it encourages us greatly.

*The Congress also took other actions this year which will benefit the rural development program. It appropriated increased funds for credit through FHA and REA, and it also increased funds for research on new uses and new processes for farm commodities.

Through the Manpower Development and Training Act, persons living in rural areas can obtain assistance in learning new skills which can open doors to new opportunities for employment either in their home community or other areas.

This is a brief summary of many of the steps which the Department and the Congress have taken since January 1961 to meet the Nation's responsibility to its own under-developed areas. With each step forward, however,

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new problems and new needs develop...and in the time remaining I would like to outline some of them for you. They represent a challenge for all those who are interested in the growth opportunities for rural America...and I know this includes you and me.

*The urgent task is to inform the people. The recent series of Land and People conferences which some of you may have attended was an important first step...but more needs to be done. We need to take vigorous action to awaken local interest in rural areas development, to help rural residents organize local programs, and then help them draw on the technical competence and rural credit facilities of the Department of Agriculture. The measure of our success will be determined by the response of people in the local community.

Too many people do not yet know of the going programs -- people who stand to benefit most from supervised farm credit, from low-cost loans for rural homes, and from pooling their resources in cooperatives or community development corporations.

There are examples of rural growth today where local initiative, combined with financial and technical assistance from the Department, has produced new jobs and new opportunities.

Sanders county, Montana, is such an example. For years, many farmers there had been hard-pressed to make a living from dairying, hay, and grain. The soil conservation district supervisors wondered why woodlots on these farms couldn't be managed to increase farm income.

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They asked the forest ranger to make a survey. He found that the area's timber if properly managed could keep a small mill in business.

Today, Sanders county has a mill employing about 75 people, and providing supplemental income for about 200 farmers. It is operating because local leadership provided the catalyst that combined local resources with those available from the government. The Small Business Administration supplied some of the funds to build the mill. The local electric cooperative loaned money to the plant to buy needed electrical equipment.

The new Accelerated Public Works Program already is putting additional resources into Sanders county. On Lolo and Kaniksu National Forests, new projects have been started to construct roads and trails and improve timber stands. More than 3,000 man-days of work will result from these public works projects. And these National Forests will become even greater assets to the county. I'm told that the National Forests last year returned nearly \$100,000 to the county's treasury -- money which supports schools and roads.

Sanders county, incidentally, is one of the 675 counties with National Forests which shared \$27-1/2 million from National Forest receipts last year. An additional 10 percent of the receipts, almost \$11 million, was spent on roads within those National Forests where the money was earned.

To illustrate the importance of credit to development of a county, I cite Roosevelt county, New Mexico.

In 1940, only 56 percent of the county's farmers owned their farms. By 1960, the number of owners had increased to 71 percent of all farmers.

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Loans from the Department's Farmers Home Administration were a major factor in this rise. FHA has loaned \$1,750,000 to 150 county families to become farm owners. FHA has also advanced \$2,500,000 to farmers in the county for operating expenses. It has aided nearly 100 rural families to build new homes and farm service buildings.

You county officials, who struggle day in and day out with local financial problems, know what this new capital has meant to the people of Roosevelt county.

And the effect goes far beyond the county. It is like a pebble dropped in a still pond. It provides additional markets that help to buoy the urban economy. This is extremely important, for we are an interdependent people -- rural, suburban, and urban. Revitalization of the countryside will be speeded by a strong and vigorously growing urban economy with the means to buy the goods and services, including outdoor recreation, produced in rural areas.

The examples I have cited have emphasized some of the older programs of the Department. Now we are entering a new and exciting stage of Rural Areas Development, with new tools and new resources for the use of local people.

*A second task that we see developing is the great need for technical and financial assistance to help local groups of citizens organize and begin drawing plans for over-all economic development. This work is presently being carried out through the Extension Service and the Technical Action panels, but we already find ourselves being swamped in some areas.

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It would be of great assistance if local government bodies could provide financial and technical aid to supplement the work now being done by the technical action panels. These men are not specifically trained for development planning, and they also have normal workloads to carry in addition to these new assignments.

*A third area of concern relates to the development of new industries in rural communities. Many of those people who have experience in this area recognize that the community that waits for a new industry to be located from outside the community will usually wait a long time. The hope for real progress is best realized by emphasizing the growth potential from within the local community itself.

Individually, these people cannot meet the requirements for financing, management, promotion and other essential skills. But by pooling their funds and skills, and through assistance from state and federal agencies, the needs of establishing modern industry can be met. Perhaps cooperative arrangements can be very useful in this regard, but we need to explore ways of creating a more effective technique for developing industrial opportunity in rural communities.

The solution to this problem will also help solve a universal problem in rural areas -- that of finding job opportunities for the young people as they leave High School.

*A fourth area where your advice will be most helpful relates to the creation of a domestic Peace Corp -- a project which currently is being discussed among several Departments and agencies of the government.

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We have assigned one man to a special group being formed by Attorney General Robert Kennedy to study and evaluate the proposed development of a corps of men and women who would serve in rural and urban areas of this country where social and economic conditions required immediate and massive attention.

How could a Domestic Peace Corp contribute most effectively to correcting some of the very serious problems we know exist in rural areas? Can the drive and enthusiasm which is found in the Peace Corps abroad overcome the apathy and frustration in poverty areas where rural renewal projects are needed? Could these Corpsmen help the low income White, Negro and Indian families value the economic barriers which tie them to a life of poverty? Can they provide educational opportunities which now are lacking for many young people in rural America? Can they provide the personal and individual attention needed to help the illiterate, the physically and mentally handicapped?

I believe a Domestic Peace Corp can be a healthy and dynamic influence in the Rural Areas Development program, and I would welcome your ideas and thoughts on the subject.

*Finally, it is clear that the scientific and technological changes in agriculture have come so swiftly -- and are still at work at an unbelievable speed -- that most people could no more accurately describe rural America today than they could the surfact of Venus. It is at once the most outstanding example of productive success in the history of man...and yet harbors more poverty than all the metropolitan centers put together. It is one of the basic elements in our ability to lead the free world...and yet young people

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leave it for want of adequate opportunity. It is sometimes described as the last bastion of freedom...and yet some organizations advocate using economic pressure to drive people out of it.

I am convinced that these contradictions -- and many others -- require that we take a penetrating look at rural America...that we evaluate what we are doing and where we are going...and that we set down basic goals in the light of rural America as it is, and as it can be.

We are considering how this can be most effectively done...perhaps through a National Commission on Rural Life utilizing the talents of our ablest leaders and philosophers...or through other means which can effectively communicate the changing conditions and the needs of rural America.

I offer these thoughts for you to consider. It is clear, both from cold statistics and the observable events of the past decade, that the core of the problem in rural America has two parts -- low income caused by chronic overproduction, the inability of the market to absorb at a fair price what our farms can easily produce...and a social problem caused by farms too small to support a family, and by the failure to develop adequate income opportunities through putting the resources of rural America to non-farm uses.

Emphasis on improving farm prices and income is essential but it is not the full answer, nor will a concentration on developing non-farm uses of rural resources be enough to enable the Americans who live in rural areas to enjoy a standard of living equal to that of his urban cousin.

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Certainly an effort to increase total production of food and fiber, in the face of over supply, is no answer...it is a waste of resources. And the CED proposal that farm income should be systematically lowered to drive people out of rural America is thoughtless, cruel and uncivilized. None of these alternatives provide the answer we are looking for.

That answer will not be found in any dogma...but rather in a pragmatic effort to find the most favorable combination that will improve farm income through realistic management of supply and the economic stimulant of increasing non-agricultural income through new uses for rural resources.

Supply management, applied as a tool and not as a doctrine, is a flexible instrument to increase production of commodities in short supply and to balance production with demand when stocks become too great. It furthers at the same time the welfare of both the producer and the consumer. It provides for national security and our commitments to friendly nations abroad by maintaining adequate reserves for war, natural disaster and the Food for Peace program. It maintains fair prices for the consumer...and fair income for the farmer.

I believe we can reach a fair level of living for the rural American... if we are willing to accept new ideas and explore new ways. Tangible progress has been made in that direction. We have new tools, and many people have shown their willingness to use them. We know the resources are in rural America waiting to be put to new uses. We are at a critical time when action counts.

And I am optimistic that rural America will make the most of its new opportunities.

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U. S. Department of Agriculture
Office of the Under Secretary

JAN 8 1963

SUGAR AND INTERNATIONAL TRADE

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13
17, 1962 When my good friend, Irv Hoff, asked me to speak to you, I was delighted because of the very important relationships which we in the Department of Agriculture have with the sugar industry. I welcomed this opportunity to get to know you better.

Then your President told me of the very keen interest this group has in international trade generally -- as well as in the world of sugar. This makes me doubly glad to be here because it gives me an opportunity to talk about something that is very high on the current priority list of our Department -- a matter of utmost importance to our whole nation, and one that is far too little understood. I refer to the importance of agriculture to international trade. I wish to tell you of the critical importance this subject has come to have in the whole fabric of Free World unity and strength. The entire relationship of the United States to the European Common Market, and the relationship of the Common Market to other free nations, has come to depend to an extraordinary degree upon finding solutions for problems of agricultural trade.

But before going into that, I do want to tell you of the pleasure I had in working with representatives of the sugar industry on the new sugar legislation last spring and summer. I received at that time a very intensive indoctrination in certain aspects of your

Address on 'Sugar and International Trade' by Under Secretary of Agriculture Charles S. Murphy, scheduled for delivery before the Sugar Club at the Downtown Athletic Club, New York City, Monday, December 17, 1962, at 12:30 p.m.

industry. It was, I can assure you, a very interesting experience; and one which I believe came to a reasonably satisfactory conclusion. Perhaps no one is altogether happy with the outcome -- or can afford to admit it if he is. However, we do have a Sugar Act, and it is working. There may be a little creaking in the machinery here and there -- the Act does present to us in the USDA some new and not altogether simple problems -- but it is working.

In fact, the Sugar Act is working so well that the American Farm Bureau does not dare to attack it; and when you can say that about any farm law, that's a very, very high compliment.

Actually, we think the new Act will be very effective in helping us to accomplish our major goal in sugar legislation -- which is, of course, to secure a stable and dependable supply of sugar at prices that are fair to U. S. producers and reasonable to U. S. consumers. During the last few months, we have operated under the two novel provisions of the 1962 Amendments: the so-called global portion of the Cuban quota and the variable import fee.

I believe that we have now had enough experience with these provisions to say that they do work. All sugar exporting countries with which we are in diplomatic relations and which have most-favored-nation status can now compete to supply a substantial portion of our sugar requirements. From the viewpoint of supply assurance, which is of particular interest to sugar consumers, much needed flexibility is added to our system. During the last half of this year, the global quota sugar on which the full fee was paid balanced the arrival schedules of refiners

during periods when quota sugar was not being offered in sufficient quantities. It is my understanding that the mechanics for paying the fee, for earmarking quantities within the global quota, and for fixing the amount of the fee far enough in advance to accommodate the variety of commercial transactions which are prevalent in the sugar trade, have been worked out to the satisfaction of the merchants and other principals in sugar transactions.

I believe the global quota provision, by significantly broadening the market for world sugars, has contributed substantially toward the welfare of the countries of the world which depend upon sugar exports for a large part of their foreign exchange.

During the last two years, sugar production has been lagging behind world consumption rates. This is understandable in view of the low prices which have prevailed for world market sugars in recent years and the effects of political developments in some producing countries. Broadening the market for such sugar will tend to bring stability to the international market and to relieve the stress created by special sugar trading arrangements of a number of countries including, of course, the United States.

I do wish to commend your industry for the reasonable and rational basis on which it approached the matter of obtaining new legislation, and to express my pleasure for the opportunity I had to work with the industry's representatives in that regard.

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Now, if I may turn to the subject of agriculture in international trade, I would like first to give you a few facts and figures.

The United States, as we all know, has a tremendously productive agricultural plant, and from that plant we are exporting about 15 percent of the production. This compares with about 8 percent of our non-farm production sold in foreign markets. For the year ending June 1962, agricultural exports reached a record total of \$5.1 billion. This is one-fourth of all the exports from the United States. We are the world's largest exporter of farm products.

During the past five years, the aggregate value of our exports of agricultural commodities exceeded our imports of such commodities by \$5.4 billion, and this amount is on the credit side of our balance of payments ledger.

We have consistently exported more competitive agricultural products than we have imported. This fact eloquently attests to the efficiency of American farm production. There are some who suggest that this balance is maintained through the use of extensive import controls on these competitive products. Let me correct this erroneous notion.

We have been fairly generous in past trade negotiations in granting access to our markets for competing agricultural products. These concessions have been granted in exchange for concessions we have obtained from other countries on our exports, often industrial exports. The results add up to a liberal trade policy on our part with respect to agricultural imports.

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Import controls limiting the quantity which foreign suppliers can sell in the U. S. market are applied today on only five agricultural commodities -- cotton, wheat and wheat flour, peanuts, certain manufactured dairy products, and sugar. Moreover, the domestic production of all these commodities, except dairy products, is restricted. All other agricultural imports of the U. S., which include fresh and frozen beef and lamb, pork, a large variety of canned meat products, vegetable oils, fruits and vegetables, tobacco, and even feed grains, are permitted unrestricted entry and are subject to only moderate tariffs.

It is sometimes suggested that a more extensive use of export subsidies would substantially increase our agricultural exports and result in a significant contribution to meeting our balance of payments difficulties. We have used export subsidies primarily where needed to maintain our fair share of the world trade in certain commodities. We now make export payments on a limited number of products. We feel that if used indiscriminately, export subsidies could not only seriously disrupt orderly international trade, but could also endanger our balance of payments condition. Any undue disruption of trade patterns might bring about retaliatory measures not only against the subsidized product, but against our industrial exports as well. We are following, and propose to continue to follow, a responsible course in agricultural trade. We also feel that we should be able to expect our major trading partners to do the same.

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It is dollar exports -- trade with the so-called developed countries, and particularly with the Common Market -- that I would now like to discuss. In fiscal year 1962, Canada, Japan, and the U. K. were grouped closely together as the leading individual export markets for our farm products. Each bought about \$500 million worth of agricultural products. Also in 1962, as a group, the six members of the Common Market bought about \$1.2 billion of U. S. agricultural commodities out of total U. S. dollar exports of \$3.5 billion.

The rapid rate of growth and the booming economy of the Common Market, attributable no doubt in large part to its developing economic unity, have afforded us increased potential outlets for our farm production. Prosperity in Western Europe has brought increased demand for meat, poultry, milk and eggs -- a demand that has expanded livestock and poultry numbers. We foresee that as the economy of this area becomes more prosperous, there will be an ever-increasing demand for food and fiber. However, there is a grave question as to who will be allowed to supply this increasing demand -- and, indeed, as to whether the U. S. and other third countries will not have the doors of historic trade closed in their faces.

The prospects for a continued outlet for our agricultural exports will be determined in large part by the evolving Common Agricultural Policy of the EEC. We are disturbed by the mounting evidence that this policy will be regressive and trade-restrictive. We have been urging that the Common Market develop its Common

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Agricultural Policy along lines consistent with the maintenance of international trade. By this we mean that it should formulate its agricultural policies so as to maintain a level of international trade consistent with principles of fair competition having due regard to its position as a major importer of agricultural commodities and a major exporter of industrial products. Such a policy is not only required in the interest of fairness to friendly agricultural exporting countries, such as the United States, but in the interest of the Common Market itself.

Industrialization in Western Europe has historically been aided by the importation of moderately priced agricultural and other raw materials from outside the area. Its industries as well as its consumers have greatly benefited from this practice. We want to see it continued. The formation of the Common Market has ushered in a new period of economic growth which can be continued and even accelerated if its consumers and its factories continue to have access to moderately priced agricultural imports.

Our hopes for liberal trade policies are being realized on some products. These are the products which the Common Market does not produce at all, or produces in small volume. These include cotton, soybeans and soybean meal, tallow, hides and skins, certain fruits and vegetables, and some other farm products. These commodities represent about \$700 million worth of our farm products shipments to the area. For these products, the EEC proposes to apply a fixed common external tariff. The prospects are bright that our exports of these products as a group will expand as that trading area expands. However, even for these commodities, trade is not entirely free of problems. For some products, the duties are still high.

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For the remainder of our current trade with the Common Market, amounting to nearly \$500 million, we are concerned over the future prospects. This includes our trade in wheat and wheat flour, feed grains, certain meat products, poultry, eggs, and rice. The reason for this concern is the emphasis placed by the EEC's common agricultural policies on variable levies and minimum import prices rather than on fixed tariffs. This levy system is designed to make possible unlimited protection to domestic production and can readily be used for the deliberate purpose of achieving self-sufficiency.

It should be entirely clear that there is a vital difference between the import fee system we have for sugar and the Common Market's variable levy system. This difference is that we have guaranteed exporting nations a very substantial part of the U.S. sugar market--about 40 percent--and a share that is in line with past trade history. This is an extremely important contribution to keeping open the channels of agricultural trade--and one which was not accomplished cheaply or easily. There are a plenty of battle scars in this room that will attest to that fact.

We have no reason to be ashamed of the liberality of our import policies for agricultural products. If the EEC would only do for the world's wheat what we have done for the world's sugar--that is to keep its doors open for a share of the market in line with past history--that would be a responsible and satisfactory solution of this very difficult problem.

The first Community-wide regulations for agricultural commodities went into effect on July 30, 1962. The regulations for wheat, flour, feed grains, poultry, eggs, and pork--all items of important trade interest to the

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United States--establish variable levies to replace the previously existing tariffs and other trade regulating mechanisms. These levies will vary from time to time and to the extent necessary not only to equalize the price of the imported products with the EEC's internal domestic prices but also to afford a price preference for the marketing of domestic production. Domestic prices, most of which are already high, will be fixed by government action. Under this system, a non-member supplier--no matter how efficient he may be--can never get a price advantage over the domestic producer when the variable levy is applied. It is the purpose of this device to equalize the cost of imports with the predetermined level of internal prices. EEC producers will be guaranteed a market for all they can produce at the price levels fixed by the governmental body. The pressures for high internal prices will be great. The use of this system to maintain high internal target prices could provide a powerful stimulus to uneconomic production and a substantial decrease of imports.

Wheat, flour, feed grains, and poultry products account for most of the value of the U.S. exports that will be affected by the variable import levy system. In the marketing year 1961-62, our exports to the EEC of wheat and flour were \$121 million; feed grains, \$271 million; and poultry and eggs, \$67 million. Trade data now available do not enable an evaluation of the impact of this system on our trade in wheat and feed grains since its adoption on July 30. Due to the over-protection afforded by this system, our trade in flour has virtually disappeared. There has been a substantial slowing down of our sales of poultry and egg products since July 30. This is due primarily to the application of levies and minimum import prices which has

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resulted in an import charge of about $12\frac{1}{2}$ cents a pound on poultry by West Germany, our major market, in place of a duty of about 5¢ per pound charged before July 30.

The combined value of these exports approaches \$500 million. The loss of any substantial part of this would have a serious effect upon our balance-of-payments position.

A comparison of import charges--where valid comparisons are available --clearly shows the extent of the increase in levels of protection for those commodities about which we are especially concerned. The following table illustrates selected examples of import levies in major markets for certain commodities before and after the Common Agricultural Policy became effective:

Import Levies
(Dollars per M.T.)

| Commodity | Netherlands | | Germany | |
|-----------------|--------------------|------------------|--------------------|------------------|
| | Prior to July 1 | After July 30 | Prior to July 1 | After July 30 |
| Wheat <u>1/</u> | 3.19 | 33.25 | 42.50 | 61.25 |
| Wheat flour | 14.50 | 49.60 | - | - |
| Corn | 16.67 | 18.63 | 46.05 | 55.20 |
| Barley | 16.67 | 21.03 | 35.69 | 49.40 |
| Sorghums | 16.67 | 21.07 | 45.84 | 55.15 |
| Poultry | - | - <u>2/</u> | 4.5 - 5.0 | 12.5 <u>3/</u> |

1/ Fortified by mixing regulation (35% domestic--65% imported); mixing regulation no longer in effect under CAP (after July 30, 1962).

2/ Cents per pound.

3/ Levy of 9.7 cents per pound plus gate price differential of 2.8 cents per pound.

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You can readily see how these radically increased burdens on U.S. exports could play havoc with existing trade patterns.

The amount of our trade threatened by the Common Agricultural Policy would be increased if the U.K. should become a member of the EEC. In fiscal 1962, our agricultural exports to the U.K. were about \$500 million. If the variable levy system of the Common Market were applied to the United Kingdom, it would affect \$130 million worth of those exports to the U.K. of grains and certain livestock products.

We have had numerous discussions with Common Market officials and pointed out that under their levy system, the key element is that of the level of prices set by the Community. We have urged that they demonstrate their declared intentions of following a liberal trade policy in agriculture by establishing moderate price levels for their grain products. This would retard expansion of uneconomic production and permit trade with efficient producers to continue.

There has been increasing emphasis by Community officials in these discussions on the need for international commodity arrangements to deal with some of these troublesome agricultural trade problems. On our part, we believe that international commodity arrangements merit consideration, if they are designed to preserve legitimate trade patterns. We are willing at the proper time to seek to negotiate such arrangements. We have indicated our desire that a meeting be called early in 1963 under the auspices of the GATT in an attempt to negotiate a grain agreement. Our objectives as an exporting nation would be to maintain reasonable access to the Common Market. This

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might be accomplished by any one or a combination of several methods, including maximum limits on variable fees and assured import quotas.

We do not look upon commodity agreements as a substitute for normal rules governing world trade in farm products. Trade in the widest possible range of agricultural commodities and food stuffs should continue to be regulated by conventional means of moderate fixed tariffs, tariff quotas and limits on levies. We firmly believe that the international trade rules for agriculture should not be permitted to drift away from the rules which apply to international trade generally. In other words, countries should seek to carry out their trade policies in accordance with the provisions of the GATT, which apply to industry and agriculture alike.

We propose to insist upon fair treatment.

We have built into the fabric of highest U.S. policy a determination to preserve reasonable access to the Common Market for our agricultural products. For many months we have been expressing through diplomatic channels and publicly our apprehensions about the emerging EEC agricultural policies. Secretary Freeman, on November 19 before the Agricultural Ministers of the OECD in Paris, expressed these apprehensions most vigorously.

"We cannot," the Secretary said, "be internationally-minded in industrial areas of our respective economies, but nationalistic and overly-protective in the agricultural sector. Either the two great sectors must move forward together under liberal trade arrangements, or both will in time succumb to protectionism."

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Under Secretary of State Ball repeated this U.S. policy the following week in Paris at the OECD meeting of Foreign Ministers.

It is only within such a framework that we will be able to use the Trade Expansion Act of 1962 to promote more liberal trade arrangements. We have a mandate by the Congress to use this Act to gain access for our agricultural commodities. This is evident from the provisions of Section 252.

It will be a great pity if Common Market officials fail to recognize that the trading countries of the free world will not permit agricultural trade to retreat behind high tariffs and protective devices. The expanded EEC would be a dominant factor in world trade in agricultural products. Friendly countries should be able to look to it to assume a proper position of responsibility and set a trade example which their trading partners can follow. These countries, as equally concerned as the United States over their agricultural trade with the expanded Community, are looking for U.S. leadership in the forthcoming tariff negotiations under the Trade Expansion Act. There is an increasing awareness that if this Act turns out to be a meaningless instrument in the field of agricultural trade, and the Common Market persists in providing excessive added protection for its own agricultural programs at the expense of outside suppliers, the consequences for all of us could be very serious, indeed.

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U. S. Department of Agriculture
Office of the Secretary

For Release Sunday, December 30

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MAR 7 1963

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Last June I asked eight men representing a wide range of experience in agriculture, public administration and political science to study and evaluate the farmer-committee system which administers farm programs at State and local levels.

The committee report, being made public for release Sunday, Dec. 30, recommends that community, county and State committee administration of farm programs be continued and strengthened. The study committee considered alternative administrative structures but found that the committee system (recognized to be a unique administrative form) offers the most effective method for the Secretary to meet his responsibilities to the Congress for the administration of Federally authorized farm programs and at the same time be responsive to farmer needs.

The committee recommends four major areas for administrative and legislative action to increase the effectiveness of the farmer-committee system.

The first is designed to strip away the maze of regulatory detail which has piled upon the committee system over the years until regulations have become so detailed and burdensome that confusion and delay often result. Improved service to farmers and more prompt decision making can

Statement by Secretary of Agriculture Orville L. Freeman on the report of the Farmer Committee System Study Committee, December 27, 1962, Washington, D.C.
For release Sunday, December 30.

be accomplished by such "streamlining" of procedures. In the recent reorganization of the Agricultural Stabilization and Conservation Service, a special division has been set up and is already hard at work reviewing and rewriting all program regulations and instructions in line with the committee recommendation. Our goal is to drastically reduce the volume and detail of regulation and instruction. This will provide more latitude for local Agricultural Stabilization and Conservation committees to administer farm programs in light of local conditions but within the framework of national program objectives.

The second area deals with the need for more qualified personnel, both on the elected community and county committees and in the appointive offices at local and State levels. New procedures are being developed so that appointive positions will be filled by the best qualified person, without regard to political pressures. For elected positions on community and county committees, we will ask the Congress to amend present laws to provide staggered 3-year terms of office, with one member and one alternate to be elected each year, with a limit of three consecutive terms. We also will ask Congress to provide that county committeemen will be elected by all community committeemen, instead of by the chairman of the community committees, as is the practice currently. We believe that the action to place greater responsibility locally will enhance the prestige of the committees and will encourage the election of the most competent local leaders.

The third area relates to the need to insure that the Secretary has the authority to act where he has the responsibility to act. The farmer

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committee system allows substantial administrative authority to rest with locally elected committees -- and yet the Secretary of Agriculture is held accountable by the Congress and the American people for program results.

Thus the system requires the person responsible for program action to depend on elected officials, over whom he has little direct control, to carry out the instructions of the Congress. Where the county or community committee fails to act, the Secretary must in the interest of sound administration be ready to act, and he must have authority to act quickly and decisively. With over 99,000 elected committeemen, mistakes are made and on occasion even wrong-doing takes place. In such cases the Secretary must have the authority to meet his responsibility. Regulations are being amended to provide necessary authority.

The basic thrust of the two dissents from the majority report of the study group is to stress this unique administrative system with the split between authority to act and responsibility to act. We believe that the majority recommendations will increase the effectiveness of the system, and bring in the dedicated, competent people at all levels who are so essential if such a complicated administrative system is to work, and will provide the authority to insure action equal to responsibility. The majority recommendations should be given a fair trial.

The fourth area of concern to the study committee relates to the need to step up in-service training and to improve administrative practices at all levels. Many of the recommendations have already been put into effect with the reorganization of ASCS. The in-service training program is being

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expanded to provide higher professional standards for county and state office personnel, farmer fieldmen and elected committee officials.

Progress already made in building up a dedicated, competent and well-trained group of administrative and supporting personnel for the farm programs is thus being expedited.

I want to express my personal thanks to the members of the study committee for the time, energy and thought they have given this project. The report required each of them to devote a considerable amount of time to study documents, interviews in State and local offices and in preparation of individual reports -- often at a sacrifice of their own needs. Because of this effort, however, we have an excellent report and study of the farmer committee system. Agriculture and the farmer will benefit from it.

Listed below are the major recommendations and the action being taken:

1. Give elected and appointed committeemen greater scope for making local decisions. A companion recommendation is to reduce the detail and volume of handbooks and program instructions. Examination of handbooks and instructions is already underway in a division established to rewrite the instructions and handbooks for existing programs along the lines of the study group recommendations.
2. Knowledgeable State and county personnel should be brought more actively into the formulation of administrative policy and procedures. Such personnel have been consulted in developing the 1963 feed grain program; in reexamination of the farm storage facility loan program; the Commodity

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Credit Corporation bin storage policy; and the 1964 wheat program.

3. Appoint to State committees only persons of recognized competence and where possible from among those who have had substantial experience as county committeemen. Procedures are being developed to implement this recommendation, particularly to bring together lists of eligible and qualified persons on the basis of competence and experience.
4. State executive directors, county office managers, and farmer fieldmen should be selected on a merit basis and assured of an opportunity to move and be promoted within the administrative structure. Many promotions are now made from these positions. Farmers fieldmen and State executive directors, when qualified, are selected for positions in area commodity offices, in Washington, D.C., or other offices. Experience on county committees, as office managers, or in a responsible State office position are now considered in appointments to the position of farmer fieldmen.
5. Improve and intensify instruction and training for committeemen, farmer fieldmen and county office managers. Changes made as a result of the ASCS reorganization provide for greater attention to training and instruction.
6. The Secretary should appoint the State executive director with the concurrence of the State Committee. This is substantially the procedure followed at present.
7. The committee report recommends a number of changes in the election of

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community and county committeemen which will require Congressional action. We will ask the Congress to amend present laws to provide staggered three year terms of office, with member and alternate to be elected each year, with a limit of three consecutive terms. We also will ask that County committeemen be elected by all community committeemen, instead of by the community committee chairmen.

Recommendations on which no action will be taken include:

1. That community committees be composed of either one member or three members with no alternates, with the State committee making a choice between the two systems. Most communities would be handicapped because of inadequate representation with a one-man committee. Justification of the two systems would be difficult.
2. Continue the State Agricultural Extension Director as an ex-officio member of the State committee but without the vote that he now has. Full committee membership of the Agricultural Extension Director helps in maintaining close ties with agricultural colleges.
3. Organize county USDA councils composed of agricultural agency representatives with the chairman reporting to the Secretary. Regular agency channels are vital to effective administration. This recommendation would make it more difficult to meet program responsibilities.
4. County committeemen to be elected by all farmers in the county. The report urges that political considerations should not guide program administration. Direct election of administrative personnel would tend to make the contests on a county basis a political race.

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5. Nomination of the candidates for the county committee should be made by the incumbent chairman of the community committee. We will ask Congress to authorize all newly elected community committeemen to nominate and elect county committees. Nomination and election of county committees by all the elected community committees would broaden representation and increase participation in the committee system.
6. That election of county and community committees be by mail ballot only. Some sections of the country strongly prefer polling places or election meetings to a mail ballot. The present State committee options -- mail, meetings, or polling places -- permit area preferences to operate.

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