

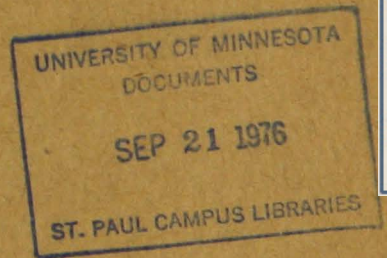
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POSTWAR AGRICULTURAL POLICY

REPORT OF THE
COMMITTEE ON POSTWAR AGRICULTURAL POLICY
OF THE
ASSOCIATION OF LAND-GRANT COLLEGES AND UNIVERSITIES
OCTOBER 1944



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COLLEGES AND UNIVERSITIES



OCTOBER 25, 1944

COMMITTEE ON POSTWAR AGRICULTURAL POLICY
of the
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FOREWORD

The state agricultural colleges, with their experiment stations and extension services, were created by federal and state legislation to bring science to agriculture, and education to the service of farming people in particular and the public in general. It is no mere coincidence that in recent years American farmers have made very much more progress in the improvement of their methods, and in the advancement of their efficiency as producers, than in any previous period. Our farmers lead the world in agricultural output. History will record that what they have accomplished during the present war has been little short of miraculous, fully comparable with the achievements of any of our civilian activities in support of the war. Long hours of skillful labor and the wide use of new and better practices developed by science and technology have made these accomplishments possible. American agriculture has been successfully mobilized for war.

Large-scale readjustments in agriculture are inevitable in the postwar period. They too will require skillful planning on the part of farmers and the wide use of technical information. This will be true not only with the growing of crops and livestock, but even more so in dealing with the complicated factors related to the marketing and distribution of the products which farmers have to sell. Undoubtedly the agriculture of this nation will have to make larger changes in the next few years than it has ever made in a comparable previous period.

Believing that the specialized knowledge and broad experience available in the various state agricultural colleges, particularly on agricultural problems of regional and national scope, if assembled and coordinated, would be distinctly helpful in guiding agricultural readjustments in the postwar period, the Association of Land-Grant Colleges and Universities created, about a year ago, a special Committee on Postwar Agricultural Policy.

This is the report of the committee; I commend it to the attention of all persons who are interested in helping to build a better rural America.

In selecting the membership of this committee many factors were considered. Some of its members are educational administrators. Others are specialists in crop and livestock production. Still others are social scientists. Home economists are included in recognition

that the home and the family have a particularly important role in the farming enterprise. Members of the group come from all sections of the nation. It is emphasized, however, that every committee member was selected to serve agriculture as a whole, and the welfare of the entire public, and not as an advocate of his region or his branch of agriculture.

In a series of regional conferences recently held throughout the nation, the committee has obtained the suggestions and judgment of representatives of all the forty-eight state agricultural colleges. The committee has also counseled with specialists in the U. S. Department of Agriculture, and with the officers of the national farm organizations such as the Grange, the Farmers Educational and Cooperative Union, the Farm Bureau Federation, and the National Council of Farmer Cooperatives. Scores of persons, both within and without the Land-Grant Colleges, who are leaders in the various technical subjects discussed in this report, have given freely of their time and talent in aiding the committee to make its study and determine its recommendations. But the eighteen members of the committee have insisted that they alone are responsible for what is contained in this report.

The Association of Land-Grant Colleges and Universities regards this report as a significant contribution to agricultural understanding and welfare. The members of this committee have rendered signal service to agriculture and to the nation in making this study and report. They have faced squarely many difficult and controversial issues, some of which have troubled American agriculture for many years. It is to be hoped that farm people and citizens generally will be as willing to accept and to follow the facts. The future of American agriculture, indeed that of the nation, will be enormously influenced by what is done with the recommendations contained in this report.

C. B. Hutchison, President
Association of Land-Grant Colleges and Universities

Berkeley, California
October, 1944.

INTRODUCTION

This report has been prepared with the purpose of advancing the welfare of all of the people of this nation by making constructive suggestions for a sound agricultural policy.

The Committee believes that agricultural as well as public interest requires that the fundamental causes of farmers' difficulties be faced frankly. We have sought to avoid the shortcomings of emergency treatments by giving major attention to the underlying problems. Continued reliance upon expedients makes final solutions more difficult.

In the belief that we can render greater service by analyzing those issues of most importance from the national standpoint, we have made no attempt to list all the farm problems which are worthy of attention.

This report places emphasis throughout on serving the best interests of all. The considerations of agricultural problems, and suggestions for meeting them, rests on the view that a large majority of the citizens of this nation believe strongly in retaining all possible initiative and responsibility in private hands rather than expanding governmental functions greatly.

We recognize clearly that if groups succeed in their demands that special consideration of their problems take precedence over the interests of the public generally, and that governmental controls in their behalf be extended, many of the recommendations which follow will be of little avail. If trends in this direction are to continue, the farmers must stay with the rest. However, we have strong faith in the willingness and desire of most citizens to face problems in a broad and realistic manner. We, therefore, ask that as this report is studied, the limitations as well as advantages of alternatives be carefully weighed.

It is not the function of this Committee, or of any other similar group, to determine what agricultural policies shall be adopted. That is the responsibility of the nation's citizens. Our task is to supply the essential facts affecting farm policy, and to make recommendations on the basis of careful analysis of such facts. It is our hope that men and women on the farms and in the cities will consider these matters carefully, allowing no preconceived loyalties or animosities to becloud the issues, and strive to reach decisions which will cause Americans ten, twenty and fifty years hence to say they reasoned well and acted wisely.

I. AGRICULTURE AND THE NATIONAL WELFARE

Farm people, anxious to promote conditions favorable to themselves and to play their part as good citizens, must look far beyond their line fences and their local communities. Their welfare will be favorably or adversely affected, not only by what they do on their own land, but also by policies followed by various farm groups and non-farm groups.

Two world wars and a great depression have demonstrated most strikingly that farm incomes rise and fall with city payrolls. In general the higher the total incomes of non-farm people, the higher the returns to farmers, with increases in the earnings of low-income families particularly being important in improving the market for farm products. In turn, high incomes of farmers help provide a market for the products of non-farm workers.

The special responsibilities of agriculture are (1) to provide consumers with foods and fibers at reasonable prices, and (2) to maintain the productivity of basic land resources. The objectives of rural people are to obtain (1) income to provide a standard of living comparable to that of other large productive groups, (2) freedom of opportunity, and (3) that degree of security which will make for stability of family and of community life.

These Are Basic Economic Considerations

Before proceeding with a more detailed analysis of farm problems and policies, we need to emphasize four basic characteristics of agriculture which can be observed historically in most countries of the world, and which must be taken into account in any realistic policy-making:

First, in a progressive economy the needed foods and fibers can be produced by a decreasing proportion of the total production.

Second, the farm population more than reproduces itself, while the urban population fails to maintain its own numbers.

Third, a period of economic depression not only interrupts but reverses the normal flow of population from the farm to the city.

Fourth, there is a constant tendency for advantages such as accrue from higher farm prices and farm incomes to be capitalized into higher farm land values rather than to be used primarily for improving the level of living of farm people.

The need is for policies based on panoramic rather than keyhole views of society. The goal of serving the public interest should be the keystone of policy-making; it should be the criterion for resolving proposals which come from various groups.

Honest fact-facing compels us to admit that in the past we have not consistently promoted the general welfare. Too often the attempt has been to promote separate interests in turn, even at the expense of others. Industry, labor, and agriculture—all abetted at various times by government—have sought to improve their own positions by restricting production.

Each saw better prices as the magic wand that was to raise his income. Each neglected to note that similar methods used by others would reduce the supply of products available for his use. Each in time might have higher prices but his income would buy fewer things.

Limiting output of needed commodities and services inevitably makes us poorer, not richer. Whatever may seem to be its short-term advantages in particular instances, the long-run effect is detrimental. Policies to limit output must be reversed all along the line if we are to attain the high level of living which our resources can provide.

A very high proportion of Americans profess loyalty to the ideals of free enterprise and individual initiative. Just what these terms imply, however, is not generally recognized. The fact is that they have often been used to promote causes which check free enterprise and individual initiative.

Our economic system can function well only if freedom exists to enter any occupation, or to carry on any type of production that is thought to be profitable, provided only that necessary quality standards are maintained, and deception and fraud are not practiced. But such freedom has meaning only if there is economic opportunity open to everyone who is able and willing to work. That is not the situation when rules are adopted which bar competent people from any type of enterprise because of the wishes of those already in it.

If we want to speed up economic momentum, then we must outlaw attempts to hamstring people whether such attempts are made by industry, business, the professions, labor, or agriculture. The government must check the action of powerful groups that would restrict economic opportunity, and design public policies to permit maximum initiative and resourcefulness.

Private enterprise involves the risk of loss as well as the possibility of gain. Risk can be reduced, but not eliminated. A major way of reducing risk is to maintain economic opportunity so that a high level of employment with efficient use of resources may result. Thus people and resources no longer profitably employed in one use quickly find other satisfactory alternatives. This will avoid idle resources and loss of income that go with such idleness. On the other hand if security is sought through freezing past patterns of production, jobs, or methods, progress is not possible.

A major issue centers around the question of how completely we shall rely on private action, and what role the government shall play in regulating it. Existing attitudes are often such that it is difficult to get objective thinking and calm discussion of the matter.

Government properly should be the guardian of the public interest. It can become so to the fullest extent only if powerful pressure groups are unable to enlist the government as a partner in enforcing their will on the others. One of our most challenging needs is to harness the potential statesmanship among leaders of agriculture, labor, and industry so as to cooperate in building a greater society rather than tearing the society asunder.

On the role of government it is important that we free ourselves from all-or-nothing thinking. Completely free enterprise or state socialism are not our only alternatives. We need more calm deliberation of broad objectives and less blind reaction against change. There is no magic in any system, in any form of control or lack of it; all are amenable to human ingenuity, subject to human frailties, and in need of constant scrutiny. Experimentation, modification, and orderly evolution are necessary for progress. This necessitates looking to the future and discovering new solutions that fit the changed conditions. Progress lies in wise adaptation. The right mixture of freedom and control is needed.

Frequent controversy over administrative and legislative jurisdiction between the national government and the states, among the states themselves, and among various agencies within each of these, indicates clearly the need for careful appraisal of the issues involved in order that they may be promptly and effectively adjusted. All too frequently the arguments have been directed toward maintaining the power and prestige of a particular unit or agency rather than toward promoting the welfare of all.

Foreign trade, an important factor in promoting prosperity, is subject to complex uncertainties; it is influenced by the policies of

other governments as well as those of our own. But certain it is that Americans need to realize that exports can be paid for only with imports, and that a creditor nation can be paid only if it imports more than it exports.

We Need High-Level Employment and Production

Towering above all other considerations is our need for nearly full employment and unrestricted production. These are important to everyone, and not the least to farmers. The amount of money that urban people have to spend largely determines how good customers they are for farm products. In addition, high-level industrial production brings a large supply of goods to farmers at reasonable prices, and it also provides job opportunities for those who are not needed in agriculture. Urban people in turn are benefited by good farm income and high-level farm production.

High-level employment in non-agricultural industry means very much more to farmers than any "farm-program" the government may attempt. Manipulations of agricultural production and prices are no substitute for good consumer markets.

Since agriculture normally does a good job of keeping up both employment and production, even in periods of urban unemployment, the real problem lies in doing equally well in other lines, notably construction and manufacturing. Few people desire to forego the advantages of large-scale production, or to deny the right of collective bargaining or cooperative organization. But the right to corporate, collective, or cooperative action carries with it responsibility for conduct which is in the public interest.

Although it is largely beyond the scope of this study on agricultural policy to attempt a blueprint of what must be done to maintain non-farm employment, certain things are obvious.

Enlightened self-interest for all economic groups makes it essential that they promote continuously large employment and production, even though to achieve it sometimes may require reductions in certain prices and wages.

Governmental action to stimulate continuous production can well include such long-standing activities as providing information, eliminating monopolistic practices, and reducing various barriers to trade. More attention should, however, be given to carefully-planned positive actions designed to prevent severe depressions. The latter will include policies to maintain purchasing power. If

this is done there will be less resistance to such adjustments in wages and prices as are needed to get better use of resources.

Economic Stability Can Be Fostered

Violent fluctuations in the general price level which contribute so much to economic uncertainty could be lessened materially by appropriate fiscal, credit, and monetary policies. The price level in the United States is now relatively high, with a strong possibility of further inflation extending into the immediate postwar period. During this period it will be essential to maintain certain price and rationing controls in order to avoid an excessive inflation which would be followed by a disastrous deflation.

Farm prices tend to rise more rapidly than other prices during an inflationary boom, and while farmers may experience temporary gain from rapidly rising prices, they stand to lose heavily when the downswing comes. When purchasing power and market demand decline, industry reduces production with the result that industrial price levels are maintained or decline relatively little. Similarly, labor resists sharp reductions in wage rates by refusing to accept employment for less than established rates of pay. Consequently, wage levels tend to be maintained or decrease relatively little, but unemployment increases. Farmers, because of the nature of their business, are not in a position to restrict output and maintain prices to a like degree. However, in a depression all large economic groups experience reduced income.

This nation has within its power a number of measures which it can utilize to reduce the violence of economic fluctuations. Reduction in taxes, increases in public expenditures, and expansion of credit should be instituted when necessary to maintain employment and to support the general price level. Conversely, increases in taxes, reduction in public expenditures, and contraction of credit should be undertaken to curb inflationary rises.

Business confidence is an important element in industrial expansion, and such confidence will be strengthened by a definite program designed to bring about a downward trend in the national debt. However, it is neither necessary nor desirable that the program of debt retirement provide for a fixed annual payment. The aim should be to secure sufficient revenue over a period, including the ups and downs of a complete business cycle, to provide not only for wiping out the deficits incurred in bad years but also to permit gradual reduction of the debt.

Substantial changes in the existing tax structure would tend to

encourage investment in new undertakings that provide employment and help create and maintain purchasing power. Personal income taxes should be emphasized in contrast to business income taxes. Excess profits taxes levied during the war should be repealed after the war. Corporate income taxes should be modified so as to exempt payments on amounts distributed to stockholders and provision made for a generous carryover of losses. Tax exempt government securities should be eliminated.

The main sources of federal revenue in the postwar period should be personal income, inheritance, and estate taxes. Gift and death taxes should be combined in a single transfer tax and the base widened by lowering exemptions. Existing loopholes in income and death taxes should be more effectively plugged. No general sales taxes should be imposed because they cut heavily into the spending power of those who must be relied upon to provide the bulk of the postwar market.

Operations of monetary and credit agencies exert considerable influence on the economy. Regulations and techniques that have been developed, as well as the attitudes and outlooks of banking and credit agency personnel, affect the price level through influencing the supply of money and credit relative to the supply of commodities and services. Policies directly affecting money and credit are much more remote to most people generally than income and sales taxes. Yet, such policies are very important and should be coordinated with tax and public debt policies.

Extension of the unemployment insurance program, both as to coverage and benefits, would aid in maintaining consumers' expenditures and hence would lessen the tendency toward mass unemployment. Consideration should be given to raising the payroll tax rates during good times and to lowering them in bad times. Possibilities of developing some form of income insurance program for self-employed persons should be given careful study. Under such a program, farmers would be assured a minimum cash income in periods of severe economic depression. Assessments on farmers could be adjusted in proportion to the index of farm income, rising during good times and high income and falling or disappearing during bad times and low income.

Powers with respect to taxes, debt, money, credit, and other economic factors at the present time are distributed among several governmental agencies. To be most effective in fostering general stability, they should be coordinated. This might be facilitated by establishment of a national economic stabilization board.

A Farm-to-City Movement Is Normal

One reason high industrial employment and free choice of occupation are essential is that farm people produce a surplus of population which need non-farm employment if they are to have opportunity to make the most of their abilities. This may be difficult to appreciate in wartime when farmers are unable to get sufficient help, but nevertheless it is true.

We have had a farm-to-city movement, except for a short interruption during the great depression, ever since colonial days. Whereas this nation once was predominantly rural, now only one-fifth of the population is on farms.

Three factors account for the trend. One is that the rural birth rate is nearly twice that of urban areas. Another is that increased efficiency in farming tends to make some rural people available for other work. Third, with the development of technology many processes and services formerly performed by farmers on the farms have been transferred to the cities.

It was impossible for Americans to enjoy a high level of living as long as virtually the whole population was needed to produce food. We can raise our standard of living still further as a higher proportion of our people are put to work providing non-agricultural goods and services, leaving only enough in commercial farming to produce abundant food by efficient methods.

One of the barriers to migration from farming, especially from depressed regions, is lack of training in city occupations for those who have inadequate opportunities in agriculture. This too often means that those who do migrate are restricted to the lower-paid unskilled non-farm jobs.

Improved education in farm communities, designed to fit many rural youth for city occupations, is a national as well as a state and local responsibility. There also needs to be an expansion of employment exchanges and vocational guidance services so that farm people can learn of non-farm opportunities.

Establishment of industrial plants and commercial agencies in rural areas, wherever conditions are such that they can operate economically, has much to commend it. Not only does it enable more people to combine non-agricultural employment with rural residence, but it expedites migration out of commercial agriculture, since the movement proceeds most readily if farm people do not have to go far to find suitable jobs.

Although need for non-farm opportunities has been emphasized, it is vital to maintain in agriculture a sufficient number of efficient people. Consequently, attention should be focused not only on economic rewards of farming, but also on every aspect of rural living. In this way, agriculture will be able to retain its share of ambitious and able young people; for it remains true that many thousands of persons who possess the necessary experience and ability, put forth the effort required, use good judgment, and take advantage of available private and public aids, will find their best opportunities on farms.

II. ADJUSTMENTS IN AGRICULTURAL PRODUCTION

It is to be expected that demand for many farm products will taper off relatively early in the postwar period, and that downward adjustments in the output of some products therefore will be in order.

To view the situation in the proper perspective, it is necessary to bear in mind that World War II came at a time when farm output in the United States was more than ample to fill existing demands. What caused shortages and rationing in some lines were huge military and lend-lease requirements, plus an unprecedented domestic demand resulting from large wartime earnings of consumers.

Farmers, employing improved methods, working long hours, and favored by good weather, were able to increase production to such an extent as to meet all military and Allied demands and still provide as large an over-all supply of food for domestic consumption as in prewar years. The fact that extra wartime demands to a large extent are temporary, and the fact that expanded food production will tend to persist, point to a need for some readjustments.

The acuteness of the problem will depend on several factors. If inflation gets out of control, then when deflation sets in farmers will have more difficulty getting their costs in line with prices they receive than if the brakes on inflation hold reasonably well. If extensive industrial unemployment follows the war, the market for farm products will deteriorate greatly.

What Are the Market Prospects?

There is reasonable assurance of an active foreign market for American farm products for at least a few months after the end of the war in Europe. The United States has a vital interest in getting food to hungry nations, not only for humanitarian reasons but also because of the important role which food can play in restoring order.

Whether shipments to Europe will long continue at a high level is questionable. True enough, it may take some areas on that continent several years to regain their prewar food situation, but much production will be restored in a relatively short time. Also, wartime European food shortages are caused not so much by lack of food production as by interference with transportation and distribution, and the latter problems will be quickly reduced when peace comes.

Europe's limited ability to pay for imports is likely to hold down the amount of American food it will receive during the postwar period. The lend-lease program, which provides goods to needy nations without specific provisions for repayment, is acceptable to most Americans as long as the war is on and probably for the emergency period thereafter, but is not likely to be favored as a long-run policy. Neither does sale on credit offer anything but a very temporary solution.

Thus some method of payment will have to be established if exports are to continue. In the long run, this country cannot expect to sell unless it is also willing to buy. If we follow a policy of narrow economic isolation, discouraging the importation of foreign goods into the United States, part of the price we shall have to pay is a curtailment of the overseas market for American farm products. An even larger price we might have to pay is another world war.

Full opportunity to engage in export and import trade will be realized only if nations the world over permit it, making possible what is known as "multilateral" trade. When this operates freely it is not necessary for each country to balance its export-import account with each other nation. For example, our large imports from the South Pacific help pay for our exports to Europe.

If other nations resort to highly centralized governmental controls over trade for the sake of furthering military and political ambitions, then our export opportunities will be limited. Hence we have a vital interest in the forms of government established as well as the types of controls adopted. The United States is in a position to exercise leadership in insuring that world trade of the future is reasonably free, and should take advantage of that opportunity.

In the past, obstructions to international trade have hit particularly hard the American producers of cotton, tobacco, wheat, hogs, and certain fruits. But farmers who produce for the domestic market also have been injured. When export outlets are reduced, those who would ordinarily produce for such outlets tend to shift to commodities which are sold at home, thus intensifying competition in those lines.

A two-price system to dispose of surpluses is being advocated. Under this plan products would be offered abroad at lower prices than those prevailing in the domestic market. This proposal has decided limitations. For one thing, it assumes the existence of an active world market ready to absorb any and all products which may be exported. It assumes further that other nations will not oppose

a practice of dumping by the United States. This is unrealistic because most nations, including our own, have restrictions against dumping. Moreover, it is questionable public policy to supply consumers in other lands with products at lower prices than those charged our own people (except as this may be a part of a program of foreign relief). Were such a program to be employed, it would tend to restrict rather than expand foreign trade opportunities because it would lead to demands for additional import barriers to keep the products sold in this manner from returning to our own markets. This program clearly offers little by way of insuring large exports.

Quite aside from the needs for foreign outlets for agricultural products, farmers stand to gain from international trade on two other counts: (1) expanding overseas markets for industrial goods favor a high level of employment in the cities, promoting a good domestic market for farm products; and (2) farmers as consumers benefit from having access to various imported products.

Assuming that we shall be able to hold foreign markets for farm products, we nevertheless need to recognize that our agricultural exports will consist largely of the same kinds of commodities we shipped before the war. Although lend-lease operations have moved abroad American butter, cheese, eggs, and beef, we do not ordinarily export much of these products because we are at a relative disadvantage in producing them, and hence cannot expect to continue exporting them in large quantities.

Trade barriers are not limited to the international type; a host of them exist within the United States in the form of state and local restrictions. They discourage regional specialization based on advantages in physical resources, climate, location, transportation, and other factors, and thus reduce our scale of living as well as limit economic opportunity. Fortunately the bad effects of these barriers have been gaining recognition, and some steps have been taken to eliminate them, but further action is urgently needed if the best interests of farmers and the public generally are to be served.

Freight rates may influence some of the changes needed to bring about production adjustments. The rate structure also is an important factor in the location of industries, and therefore plays a part in the availability of non-agricultural employment for farm people. Farmers and others in many areas feel that existing rates are discriminatory. There is need for further study of the rate structure and for correcting unfair rates which may be revealed.

The postwar domestic market for farm products, as indicated in Chapter I, will exceed in importance all other factors affecting the farmers' prosperity, with high employment a "must" if serious trouble is to be averted.

Present indications are that although there may be considerable temporary unemployment during reconversion and demobilization, in the main employment should be large while industry is meeting postponed demands. There will, however, be some reduction in the total earnings of workers because they will be doing less overtime work at extra wage rates, because many workers will transfer from war factories to lower-paid jobs in peacetime employment, and because of reduced employment of women, youth, and older people.

It is well to recognize, too, that farm products will have added competition for consumers' dollars as civilian production is restored in other lines. Many families, for example, have a more urgent desire for a new radio or automobile than for more or better food.

Aside from full urban employment, two measures will improve the domestic market for farm products and at the same time enhance the general welfare. One is educational work to promote good nutrition. The other is subsidies, in one or more forms, to promote food consumption by low-income families. Since even in times of high industrial employment there are serious deficiencies in the diets of many low-income consumers, subsidized consumption programs for such families are justified. Any program of this kind, however, should be designed to meet the dietary requirements of the public, rather than merely to attempt to move surplus agricultural products.

The use of farm products as raw material by industry is regarded by some as holding much promise of market expansion. Active research to find new uses for farm products should be continued and expanded. However, it is important to temper enthusiasm by recognizing limitations. Because a given use is possible does not necessarily mean that it is good economy. Only uses which supply a regular outlet at prices which warrant farmers producing for them provide a market on which reliance can be placed.

Technology Alters the Production Pattern

American farmers have made rapid progress toward mechanization. Tractors and efficient machines have taken over much of the work formerly done more slowly with horses or by hand. Milking machines, grain combines, corn pickers, forage harvesters, multiple-

row tractor cultivators, mechanical cotton pickers, and a whole line of fast-moving rubber-mounted field implements indicate the trend.

Likewise, improved varieties of crops, more adequate fertilization, better livestock, feeding based on sound nutritional principles, more effective disease and insect control, and many other developments have made farming more efficient.

Technology thus is increasing the output per man engaged in farming, as well as improving the quality of the products. The changes in general are clearly in the interests of both farmers and consumers, and can be expected to continue. There are, however, some differences in the economic effects of improved farm practices, depending on their nature and circumstances.

An improvement which is adopted quite generally reduces average production costs and increases total output. In such cases, the gains are shared rather quickly with consumers.

Some developments which are adaptable only to certain regions or producers may give them special advantages in production. The effect is a tendency to encourage a shift in production, spelling opportunity for some but involving need for alternative enterprises for others.

Still other agricultural developments may ease the drudgery of farm work and make farm living more attractive, without having any pronounced economic effect.

It is clear that technological advances, although generally beneficial, occasionally throw a heavy burden on certain people, areas, or industries which are placed at a disadvantage in competing under the new methods. The changes will be made—a policy of promoting the general welfare allows no other recourse—but there may be need to soften the impacts on those who are temporarily disadvantaged.

Adjustments Must Meet Human Wants

Postwar adjustment programs for agriculture need to be designed to deal with the basic conditions which are creating the difficulties.

At times prices fall sharply because of a temporary oversupply or reduction in demand, in which case there is little need for production adjustment programs.

On the other hand, if production actually is overextended—as it may be after the war in the case of cotton, wheat, oil crops, and a

few other commodities—then the need will be to shift some of the productive capacity to uses which will satisfy wants.

A high proportion of Americans, of all occupational and sectional interests, could agree on this as the central point of production adjustment policy: public funds should be used primarily to bring needed adjustments about more easily and rapidly than they would otherwise take place and to cushion the shocks involved. The public interest will not be served by maintaining resources in uses for which they are not needed.

For some it will require considerable revamping of attitudes to accept this objective, since the usual aim of past farm programs has been to raise or maintain prices of specific commodities rather than to adjust the use of resources. The attack has been on effects rather than causes, and too often the result has been to continue or even aggravate maladjustments.

Farmers need to be realistic concerning the superficially attractive plan of propping up prices for particular commodities above the level the market otherwise would pay. They cannot expect to retain the right to produce freely if they insist that the government maintain prices at arbitrarily high levels. When the government props up the prices over a period of time, it becomes necessary for agents of the government in their control of production to determine not only the total production, but also to assign to each farmer his production allotment. This latter procedure is particularly hard to defend and administer when it involves refusing new producers the opportunity to engage in a type of production they are as well or better able to carry on as those already in the enterprise.

There is need for realism, too, on the point that an adjustment program for agriculture alone cannot achieve satisfactory results. If agricultural surpluses accumulate because of inadequate urban purchasing power, the only real cure is an expansion of non-agricultural employment. If there are more people in agriculture than are needed to provide farm products, the remedy is not to support those farmers who are deepest in trouble permanently on the land, but rather to develop useful outlets for their energies in non-agricultural lines.

Some Products Offer Special Problems

Some products which were over-expanded before the war will need special attention. Among these, cotton and wheat are prominent.

In the case of cotton, depression conditions and price supports led to the accumulation of large supplies in the years before the war. While war has stimulated the domestic consumption of cotton, it has reduced exports still further, with the result that stocks remain huge. Supplies outside the United States likewise are large.

Because of the extent to which cotton has been grown for export, the question of whether permanent curtailment will be needed will be answered mainly by what happens to the foreign market. This in turn depends upon the trade policies of other nations as well as our own, and the price policy which the United States may adopt.

One lesson of the 1930's is that artificially high prices for cotton in this country invite increased competition from other areas, and thus lead to a loss of foreign outlets for the American product.

A sound policy on cotton must provide for an international trade program which will enable the United States to retain as much as possible of the world market. It may also need to include a domestic program to encourage a shift in American cotton production to those areas best able to hold their own in world competition and best able to yield a satisfactory scale of living for cotton producers.

Maintenance of artificial prices on cotton has curtailed exports, increased the use of substitute fibers, tended to keep up production, and encouraged the use of land which otherwise might have been used to grow crops more urgently needed than more cotton. In addition, too little differential in the price support among the grades has resulted in relatively high production of low-grade cotton for which there is little demand, and with which many warehouses now are filled.

Shifts already have begun, and are bound to continue, in the relative importance of cotton in various parts of the South. In areas where costs of production are low, cotton is tending to expand. As mechanization progresses, the pressure for a shift to more level areas can be expected to increase. In areas where other enterprises offer special advantages cotton production tends to be reduced.

Public assistance will be needed in certain areas requiring large-scale shifts out of cotton production. Such aid should be positive in character, temporary in nature, and directed toward the partial replacement of cotton production by other types of activity including the production of food for consumption by the farm family. At the same time new and adaptable types of farming will need to be developed, and in some areas part of the population should be

encouraged to engage in part-time farming and non-agricultural employment.

Public funds should not be used to hold up cotton prices after the postwar transition period and to retard adjustments in the cotton belt, but should be directed towards encouraging the development of alternative enterprises. They might better be used for such things as improvement of pastures or the initial investment in livestock or other forms of new production, for the development of new industries and decentralization of industry where possible and desirable, and for expanding vocational educational programs for both children and adults.

Wheat presents a picture similar in some respects to that of cotton. World wheat production was overexpanded before the war, and it is likely that overproduction again will become evident fairly early in the postwar period.

Again solution of the problem calls for international cooperation, particularly in reducing trade barriers and eliminating artificial price supports.

However, even if this country wins access to world wheat markets, it seems likely that there will be need for some reduction in wheat acreage from the high wartime levels. With wheat as with cotton, public assistance in readjustment can best take the form of facilitating shifts to other systems of farming, or to other lines of activity in high-production-cost areas or where satisfactory alternative crops are possible, rather than of maintaining prices above the competitive world market by such programs as uniform rates of acreage reduction. In the Great Plains region, wheat is the highest and best use for much of the dry land farming areas, even at world wheat price levels.

Physical risks in agricultural production often are more hazardous than market risks. Crop failures caused by drought, insects, and other forces largely beyond the farmer's control periodically bring about acute distress in various sections of the country. For certain crops where the need is evident, it is therefore desirable to provide an adequate crop insurance program financed largely through assessments levied on participating farmers.

III. AGRICULTURAL PRICES

Farmers too often tend to judge their financial well-being only by the prices which they receive for their products. Consequently in recent years the goals of public policy for agriculture have been largely set in terms of specific prices and price relationships.

Although reasonably favorable prices are undeniably important, it is a mistake to assume that everything depends on them. It would be more nearly accurate to say that the welfare of agriculture depends on net farm incomes, which are determined by a complex of factors in addition to farm prices.

In dealing with the price aspect of national farm policy, it is well to distinguish three types of situations: (1) the immediate post-war period when the problems of transition will be uppermost; (2) periods of reasonably full industrial production and employment; and (3) severe depressions such as existed in the early 1930's.

Price Control Needed for a Time

Even before the war there was a pronounced shift away from free market prices and toward publicly-administered prices. This trend has been accentuated during the war. Price supports have been employed to encourage expanded production of the most-needed products, and price ceilings used to check inflation.

Clearly it would be impracticable to remove all wartime price controls on either agricultural or non-agricultural products as soon as the war ends. That would aggravate the problems of transition, and would tend to interfere with the establishment of a high level of industrial activity and employment. The termination of price controls needs to be selective rather than general, with proper timing highly important.

A postwar inflation coming on top of the wartime increase in prices would have serious consequences for our whole economy, with particularly disastrous effects on agriculture. To the post-World War I inflation which occurred during the eighteen months following the Armistice in November, 1918, must be attributed a large share of the acute distress experienced by large groups of American farmers in the 1920's and 1930's. Not only did that inflation contribute to the subsequent drastic decline in farm prices, but also to the growth of the farm mortgage debt which so heavily burdened farmers during the interwar years.

This time, Congress already has passed some measures to protect farmers against possible drastic price declines before they have time to readjust their farming operations to a peacetime basis. The Steagall amendment and related legislation authorize government action to support the prices of practically all agricultural commodities at 90 per cent (in the case of cotton at 92½ per cent) of their respective "parity" levels. This price support program is to continue for as long as three years beyond the cessation of hostilities.

Already there is growing concern as to how these provisions can be carried out and what the consequences of doing so will be. This concern is fully warranted.

For many commodities, the support price levels are so high that a larger production will be called forth than can be sold in regular commercial markets at those prices, even with high business activity and employment after the war. Under these conditions, huge public expenditures will be required to carry out the present provisions of the legislation. In addition, it will tend to prevent, rather than assist in, the necessary adjustments in crop acreages and livestock numbers, and it may lead to loss of markets.

If the Steagall amendment and related legislation are not modified so that market prices are allowed to move products into regular consumption, plans will have to be made for the disposal of surpluses. This problem is greater for perishable than for staple products because the latter can be stored; yet the storage of large amounts of produce has a price depressing effect which cannot be ignored.

The limitations on dumping surpluses on other countries have already been pointed out. In this country, a food stamp plan with the eligibility rules formerly used will dispose of only small quantities; and if this program is to be extended it is important, as stated previously, that it be based on dietary needs rather than on the existence of particular surpluses of certain crops. A final alternative, to divert foodstuffs to lower uses, such as the conversion of fresh eggs to livestock feed, is certain to arouse widespread public resentment.

In short, these consequences would not only be adverse to the farmers' own long-run interests but they would force the nation as a whole into a very difficult situation.

Clearly, some method for an orderly tapering off of wartime production incentives in agriculture is highly desirable. The present

legislation should be changed to provide for it. There are several possible ways to meet the situation.

One alternative would be to provide for successive reductions in the levels at which prices would be supported. For example, government action might be authorized to help maintain for the first year following the close of hostilities in Europe, the price levels now authorized. In the second year, prices would be supported if necessary to maintain 80 per cent of those levels. In the third year, action would be taken if needed to hold to a 60 per cent level.

Any time public funds are used to support prices, it should be made very clear to producers just what part of the price they receive is justified by market conditions, and what part represents governmental payments. This information, coupled with the knowledge that price supports are temporary, would serve as a warning against continuing production at unwarranted levels.

A second alternative would be to make equivalent payments to farmers instead of supporting market prices directly. These payments would be based upon the difference between the current market price and the legally designated price. Under this program, the farmer would market his product through regular market channels at the going price. But for each unit sold, he would receive a payment from the government which would represent the difference between the price at which he had sold and the price level which is now authorized as a standard. In the second and third postwar years, the standard level would be less than in the preceding year.

Total returns to farmers would be the same in each of these two methods, but there would be substantial advantages in the equivalent payments program. Because products will flow through trade channels freely at market prices, there would not be the dangers of building up unmanageable surpluses of commodities.

A third alternative is like the second in that payments would be made to farmers and the determination of actual prices would be left to the market. In this case, however, the authorized price would remain the same for three years. The farmer would be paid each year for the difference between current market prices and the price levels now authorized; but the payment would apply to a decreasing proportion of his output. In the second and third years, for example, the payment would be made on only 80 per cent and 60 per cent of the amount which he sold on the market.

Whichever method is employed, it is doubtful if the program should extend more than three years beyond the cessation of hostil-

ities in Europe. In many lines, production readjustments should start as soon as the European war is over. To delay such adjustments until after the war in the Pacific would simply aggravate an already difficult problem.

What Policies Under High-Employment Conditions?

Assuming that industrial activity and employment can be kept at reasonably high levels following the war, there are good reasons to believe that governmental policies and agencies would be more effective if directed toward improvement of the competitive market for farm products, rather than attempting to manipulate prices indefinitely.

For a clear insight on this issue, which is one of the most critical ones facing the American public, it is necessary to consider without bias what may ordinarily be expected of the market for farm products. Common impressions on that point are woefully confused by memories of recent history covering two great wars, a disastrous depression, and their attendant effects.

Free-market prices usually do a fairly good job, though by no means a perfect one, in adjusting current consumption of farm products to the available supplies. That is, prices rise and consumption necessarily drops off when supplies are low, and conversely in periods of abundance prices should drop enough to induce consumers to purchase a larger quantity.

Sometimes prices to consumers fall little even though farm prices have declined greatly, so that consumers are not encouraged to expand their consumption much. It should therefore be a cardinal point of public policy to promote by all possible means the quick adjustment of retail prices to the wholesale price of farm commodities.

Prices also influence future production of farm products. In fact, competitive market prices in the long run offer the only sound means of guiding production to a suitable level. There is, however, the difficulty that current prices often cause temporary over-expansion or over-contraction of production in the immediately following period or crop year.

What often happens is this: when the price of a product is high, a farmer decides to expand production, and so do most other farmers; the result is that by the time the increased output can be marketed—which may be in a year's time with most crops, or as

much as several years with livestock products—there is overproduction and low prices.

Conversely when the price is low, too many producers decide to retrench; by the time market offerings reflect that decision, supplies are low, prices are high, consumers are penalized, and farmers have missed a chance to make good returns.

Since prevailing prices are often inadequate guides in making production plans, farmers urgently need outlook information as to what future marketing conditions are likely to be. The problem is complicated by the uncertainties of weather and other factors affecting production, but in the main the present and prospective stocks, the amount needed, and the intentions to produce are the critical factors.

Outlook work never has had a real trial. It made a creditable start at one time, despite lack of adequate personnel to collect, analyze, and interpret the data and make known the results. But the work had hardly got well under way when the depression came, the drastic down-sweep of all farm prices then greatly overshadowing the importance of individual price differences. Since the prevention of general business depressions is quite another problem, whose solution never can be found within agriculture alone, it is too much to expect outlook information or any other farm measure to accomplish the feat.

In addition to better outlook information, two other types of improvements are needed to make the prices of the free market serve well both farmers and consumers; greater efficiency in the physical distribution of products, and better operation of the pricing process itself.

To accomplish these objectives, the principal activities undertaken by the government in the past have involved the development of market news; standardization, grading, and inspection of products; regulation of trade practices; and elimination of monopolistic practices by firms purchasing farm products. Although the results have not been spectacular, they have been highly useful, and such work can well be greatly extended.

Farmers' cooperative associations are particularly effective in improving the marketing of agricultural products and the purchasing of farm supplies and services. As pace-setters in promoting efficiency, they benefit non-members as well as members, and in the long run a portion of the savings they achieve are passed on to consumers in the form of lower prices.

Cooperative associations also contribute significantly by raising standards of quality and by improving distribution of supplies between geographical areas and over time.

There is widespread concern over the large differences between the prices paid by consumers and what farmers actually receive. Reduction in these spreads can be achieved mainly by simplifying marketing services or by doing them more efficiently. Considerable progress in these directions has been made during the war and these gains should be maintained. In many cities modernization of public wholesale markets, particularly for fresh fruits and vegetables, is urgently needed. To bring about these improvements some public assistance will be required in initiating and in financing the projects.

In summary it may be said that improvements in the competitive market can make it unnecessary during periods of satisfactory industrial production and employment for the government to control prices of farm products which are sold chiefly in this country. In the case of some export commodities, however, it is not certain that this will apply.

As was emphasized in Chapter II, a good market for those farm products which are produced to a large extent for export depends upon multilateral trade on a relatively free basis. If such trade can be developed, there should be little occasion for the government to set prices. But if the trade of the major importing and exporting countries of the world is to be conducted by, or under the close control of, their governments, this country too may be forced to adopt similar policies as a protective measure. Then it may be necessary for the government to control the prices and quantities produced of these commodities, both for export and domestic consumption.

Depression Calls for Drastic Measures

At the outset it should be clearly understood that there is no way of having a painless depression. Therefore, every reasonable device should be used to prevent a depression from setting in. But if one cannot be prevented, drastic measures will need to be undertaken by government, not only to alleviate suffering both inside and outside of agriculture, but also to pave the way for recovery.

In the last depression, public action was delayed, and because little advance planning had been done, the measures varied greatly in effectiveness. Clearly the need is to work out plans well in advance, subjecting any proposals to the most critical scrutiny. The

methods must be economically and administratively sound, and they must command public support.

Before discussing measures which will help alleviate the effects upon farmers of a severe business depression, it is well to clarify certain ideas in order to avoid futile or harmful steps.

In a severe depression the financial distress of farmers does not center in failure of the agricultural marketing system or competitive pricing process as such. Rather, the primary reason why farmers do not obtain large enough net incomes is that the purchasing power of consumers is inadequate.

No solution to the problem of exceedingly low farm incomes is to be found in shifting the production of farm products to retrench in some lines and expand in others. This remedy, which takes care of maladjustments within farming, is of little avail when the prices of all farm products go into an extraordinarily deep dive.

There are serious dangers if solutions are sought by using artificial price devices. Price fixing measures not only interfere with the continuance of needed long-run production adjustments, but they also encourage excessive output, which in turn necessitates strict governmental controls over production. Since price benefits are distributed in proportion to amount of production, they are not related to family living needs, and they may not be of significance to the large number of small-scale farms.

Stockpiling mountainous quantities of farm products for the purpose of raising current prices is not a good policy even during a severe depression. Holding huge stocks off the market tends to invite competition from new producers, demoralize potential buyers, and retard recovery.

General curtailment of agricultural production does not solve the problems of a depression. A policy of scarcity harms consumers, who from the health and morale standpoints need about as much food in depression as in prosperity; curtails employment on farms and industries and trades handling farm products when employment is especially needed; fails to raise net farm incomes to satisfactory levels; and involves complicated and sometimes unpopular controls over individual farming operations.

Three feasible measures are available to alleviate the effects of depression from the farm standpoint. They should be used when urgently needed, but with full recognition of the fact that prosperity on the farm is dependent on high employment and full production in useful non-agricultural enterprises.

First, subsidized food-consumption programs need to be greatly expanded. As pointed out in Chapter II, these programs should be continued even in periods of high employment. In a depression period, they become even more important. By assuring adequate diets to those least able to afford them, and by bolstering the market for farm products, these programs simultaneously and efficiently combat two of the worst aspects of depression.

Second, deferment of farm mortgage payments, except to the extent of a landlord's share of return, can be used to help alleviate distress caused by the failure of the fixed costs of farming to drop as commodity prices go down.

Third, in the case of a long and severe depression, certain income payments to farmers as well as other groups may be advisable. As suggested previously the master-key in preventing or curing depressions is maintaining the flow of consumers' purchasing power into the market. It was pointed out in Chapter I that when unemployment increases and a downward trend in general price level occurs, taxes should be reduced, public expenditures increased, and credit policies modified to check bankruptcy and to encourage expansion. Special efforts should be made to maintain and expand productive employment, particularly in those fields of activity where unemployment is serious. Self-interest should insure full cooperation of industry and labor with farmers to develop sound policy.

It would be a mistake to make payments to farmers in the form of rewards for decreasing production, or in the shape of artificially-raised commodity prices. Rather, they can best be outright payments designed to keep farms in productive condition, and to speed recovery by injecting additional money into the nation's income stream at a strategic place. A sound method of making supplemental income payments to farmers will need to be adapted to varying farm conditions by taking account of family living expenses and cash outlays for maintaining production capacity. Also, there should be a maximum limit to the amount that any one producer might be paid. Some comparable system of payments to non-farm enterprises would aid in restoring production and employment in other lines and in maintaining markets generally.

Consideration might well be given to the advisability of building up a fund from contributions by industry and agriculture in relatively favorable times from which such payments would be made to industry and agriculture in times of severe depression.

There must also be forethought in answering this question: what constitutes a depression? The danger is that a comparatively

minor normal downswing in prices might be construed as a depression calling for the most drastic remedies. For this reason it would be necessary to establish beforehand a statutory method of determining objectively when the supplemental payment program should go into effect and when it should cease. The best yardstick probably would be an index of unemployment or industrial production.

IV. LAND TENURE

Correction of certain major defects in the land tenure situation is basic to the building of a satisfactory long-term program for American agriculture.

The existing pattern of land tenure leaves many farm families periodically uncertain as to their home and employment, and with little incentive or opportunity to establish a stable farm business enterprise.

By way of background for the specific recommendations that follow, it may be well to outline what is held to be a desirable land tenure pattern. On this there is fairly general agreement by those who have studied the situation.

Desirable Tenure Pattern Needed

In the first place, the family-type farm should remain the basis on which American agriculture typically is organized. Although there is no reason to standardize all farms, because of differences in agricultural requirements and in the managerial abilities of farmers, the best interest of the country will be served when a majority of farms are of a type on which the operator, with the help of his family and perhaps a moderate amount of outside labor, can make a satisfactory living and maintain the farm's productivity and assets. About 3,000,000 farms are of this kind at present, compared with about 80,000 larger-scale farms and plantations. The nearly 2,500,000 other farms listed by the census are small units. About half of these, however, are not dependent on agricultural income, for they are part-time farms and rural residences. There remain over a million very small farms, many of which are subsistence farms, on which the families are trying to gain a living by farming.

Second, a large proportion of farms should be owned by those who operate them, and a continuing stream of those who engage in farming should eventually become owners.

Third, landlord-tenant relationships and the status of farm laborers need to be improved, not only to facilitate the advance of laborers and tenants to ownership but also to assure that tenants and laborers have a suitable scale of living, participate in community life, and take good care of the resources with which they are temporarily entrusted.

In looking towards these objectives, it is important to recognize that the status of owner-operator, or tenant, or worker must be evaluated in the light of its contribution to the welfare of the people concerned. Owner-operators, for example, burdened with heavy mortgage debts, living on small, uneconomic farms, and lacking adequate capital, may have tenure status much less desirable than tenants who have stable occupancy, and who operate well-equipped farms of economic size. In occasional cases, farm laborers may have a level of living and a degree of security superior to that enjoyed by some tenants and owner-operators. The farmer's security and freedom in the use of land and his share in farm income are of more significance than whether he is called an owner, tenant, or laborer.

Land Values Must Be Kept in Line

Establishment of a desirable land tenure pattern depends to a considerable extent upon the maintenance of a level of land values which is in keeping with the long-time farm income.

The land boom during and shortly after the first World War, with its resultant huge mortgage debt, burdened American farmers for many years thereafter. A new land boom is underway during this war. If it continues unchecked, it will again lead to severe and widespread distress. This is one of the most urgent problems which agriculture faces. Strong, positive action must be taken to solve it.

Wartime land booms are caused by the temporary increase in farm income, which leads to over-optimistic expectations of future earnings. Purchase of land for speculation aggravates the difficulty. Such an inflation of land values comes at a time when it can cause maximum injury—when the transfer of farms is at a peak, and in particular when returning war veterans are attempting to get established in farming.

An intensive educational campaign is needed to warn farmers of the dangers in agreeing to pay more for land than it is likely to be worth. Lending agencies should be urged not to base mortgage loans on values above the levels justified by long-time earning capacity.

In addition, a public appraisal service should be provided so that all prospective buyers and sellers may have knowledge on the basis of which they will be able better to judge the approximate long-time value of farm properties. It is also desirable that a resale gains tax be enacted.

Operators Should Own Most Farms

When people whose interests are not primarily agricultural bid for land, farmers often are forced to pay excessively high prices or be denied an opportunity to become owners.

Particularly undesirable is the practice of investing in farms as a means of reducing the amount of tax that must be paid on incomes obtained in non-farm enterprises. This should be discouraged, and can be discouraged if income tax laws are changed to specify that depreciation and losses on farm properties shall be deductible only from income derived from such properties, rather than from the total income of the taxpayer.

Closely associated with this problem is that of abnormally large-scale ownership, frequently of the absentee sort. One solution is a graduated land tax which imposes a higher rate for additional farms owned by the same taxpayer.

Procedures should be developed to facilitate continuous operation of farms by succeeding generations of the same family. A great deal can be accomplished by business-like agreements providing for joint father-son operation of farms, and for satisfactory living facilities for two families to encourage married young people to remain on the home farm and eventually assume complete responsibility for it. There is also need to discourage the practice of subdividing farms into units too small for economical operation, to provide for prompt settlement of farm estates, to permit purchase by the farm operator at fair income value, and to give protection from undue risks to the one who assumes ownership.

Credit System Must Protect Borrower and Lender

Farm mortgages, the most important means of financing the purchase or improvement of farms, unfortunately are not always written so as to protect the interests of both borrower and lender.

It is extremely important that mortgages be based on long-time income values, limited to amounts that do not involve undue risk to the farm owner, include provisions for amortization payments of principal and interest, and allow principal to be repaid without penalty.

The farmer should be protected against loss of his farm in the event of severe price declines or other misfortunes beyond his control. As long as he operates his farm well, maintains the property,

and pays the lender the usual landlord's share of the farm income, foreclosure should not be instituted.

State laws should be improved to prevent injustices in foreclosures. One essential is receivership or moratorium rights for debt-ridden farm owners during depression emergencies. Another is the establishment by courts of a fair long-time value for foreclosed farms, regardless of the bids of mortgage-holders. Deficiency judgments should be limited to the difference between this fair value and the amount due on the debt, and should be enforced only against owners who have other property or sources of income, or who have been guilty of bad faith.

Legal costs in the transfer and mortgaging of farms are excessive, particularly as to the preparation and examination of abstracts of title, title insurance and foreclosures. The problem is complicated by wide variation among the states. The situation calls for studies looking toward reduction of these costs through simplification of legal procedures and transfer practices.

Land purchase contracts involve more risk to both buyer and seller than mortgage loans because of the relatively small down payment required. However, they should provide the safeguards of enlightened mortgage practice to insure the owner against loss of his financial and labor investment in the farm because of severe price declines or other causes beyond his control. In many states legislation is needed to prevent abuses.

The making of government loans of substantially 100 per cent of the price of farms is not a sound method of promoting general farm ownership even under normal conditions. With land values at inflated levels the probability of difficulties in the postwar period is especially great. Under such conditions it is very doubtful if the owner of a farm with little or no equity would be as well off as if he were a tenant.

If a government-sponsored farm purchase program is to have a reasonable chance for success, loans to carefully selected borrowers must be based on long-time income values. Also, purchasers should be required to make a cash down payment of at least 15 per cent in addition to having substantial equity in the necessary livestock and machinery, and a fair land purchase contract should be employed until the debt has been reduced to the proportions of the usual first mortgage. During this period the lending agency should have option to buy the farm at the purchase price plus improvements in case the owner wants to sell.

When the purchaser has reduced the debt to the proportion of the usual first mortgage, he should get a deed to the farm, and the mortgage debt should be transferred to another lending agency at a non-subsidized rate of interest. This arrangement enables a maximum number of needy and worthy purchasers to be served by the appropriated government funds.

The agencies of the Farm Credit Administration should continue to provide a source of credit as an alternative to private lenders, and to introduce improvements in credit procedure in order to insure adequate credit on reasonable terms to farmers and cooperatives. The development of definite plans for the orderly repayment of government capital invested in these credit agencies is important to their continued sound operation as substantially farmer-owned agencies under government supervision. They should extend credit only to those who have reasonable prospects of making repayment, varying the terms of loans as experience in the various localities dictates.

In some areas, prevailing lending practices of both private and public credit agencies need to be altered in order to help farmers finance needed shifts in farm organization, farming systems, and conservation practices.

Sharecroppers and tenants are especially in need of information and help which will enable them to get credit at the lowest possible cost so that they may carry on their operations and improve their status.

Specifically designed to relieve emergency situations are rehabilitation loans, as well as crop and feed loans. Rehabilitation loans involve close supervision of farm operations and family living, being accompanied by assistance in adjusting debts, improving tenure, obtaining medical care, and similar services.

Rehabilitation programs can be used advantageously to help farmers who are on reasonably productive land, or on land which can easily be made productive, but who lack adequate livestock, equipment or other essentials in operating their farms properly. It is a mistake, however, to use rehabilitation loans to keep families on unproductive, uneconomic farms if there are better opportunities elsewhere. Many such families can best be given help in moving to better farms or in finding other work. All governmental lending for rehabilitation purposes should be placed under one agency to avoid overlapping and to reduce costs.

Back-to-the-Land Movement Not Needed

A back-to-the-land movement, contemplating the settlement of new lands, is likely to develop after the war, and will pose a problem of critical importance.

Obviously this nation will not need any large amount of additional farm land in the near future. Agricultural production recently has been at record levels, despite wartime shortages of labor, equipment, and materials. When peace returns, fewer people will be needed in full-time farming than before the war, even if the purchasing power of consumers remains high so as to assure a good demand for farm products.

The largest opportunities for veterans or others to return to farming are on existing farms of known productivity from which older operators wish to retire—and many will retire, since the average age of farmers now is high. So long as land values remain out of line with long-time earning power, however, it will generally be wiser for them to start as renters rather than as buyers.

Because of the special difficulty of satisfactorily adjusting veterans to farm or rural life, it is highly desirable that a staff of rural consultants be made available to confer with and advise returning veterans who desire to farm or to work in rural enterprises. This service, which is particularly needed among disabled men, should be available to veterans before they are actually discharged into civilian life as well as after their discharge. These rural consultants should be attached to the U. S. Department of Agriculture and should work closely with the state agricultural colleges and with regular veterans affairs agencies.

There is need for state and local communities to help returning veterans and industrial war workers who have the necessary training, experience, and ability to establish themselves in agriculture under favorable arrangements. For protection against unwise new settlement which would bring on future burdens, state legislation should permit the zoning of rural areas so as to bar undesirable districts to settlers. Also, state and federal land purchase programs to take submarginal farms out of cultivation should be continued and expanded.

Although clearly it would be a mistake to establish many new commercial farms, that does not necessarily apply to part-time farms and rural residences, which have quite different possibilities and limitations. There is a place for the latter in our countryside,

especially in areas close to centers of employment. Shorter hours and more rapid travel facilities have enlarged the opportunities of combining non-farm employment with rural living.

To be successful, part-time farmers or rural residents must have reasonable assurance of substantially full-time non-farm employment or other sources of income. Usually it is not practicable for them to make substantial cash outlays in order to produce for the market—they do well to produce a modest amount primarily for home use. It is folly to conceive of country living as a substitute for unemployment insurance or relief. But it can offer a means of better living for many people who earn their cash income outside of agriculture, and can contribute to the vitality of rural and suburban areas.

When part-time farms and rural residences develop in unguided fashion, they can easily become liabilities rather than assets. This holds true where there is no assurance that the breadwinners will have reasonably steady employment within a convenient distance, and where the settlements develop into undesirable communities in which to live. In the future, rural planning must be broad enough to provide guides for minimizing such problems and to insure a wholesome environment for commercial agriculture, part-time farming, and rural residences.

Military Land Must Be Disposed of Wisely

Because the government has acquired extensive acreages of farm land of varying degrees of productivity during the war, the proper and orderly disposal of this land is a matter of considerable concern.

All such lands can best be turned over to an established agricultural agency of the government, preferably the Farm Credit Administration, which is experienced in selling farm land.

The need is to transfer the land directly to farmers in units suitable for family operation, under terms and conditions which will provide reasonable assurance of successful operation and protection of the rights of the public.

Tenancy Can Be Improved

In the past, too little emphasis has been placed upon improvement of the tenancy system and on the conditions under which tenants live.

Regardless of what is done to promote farm ownership a considerable proportion of farms will continue to be operated by

tenants. Many young men need to gain experience as operators in that way until they can accumulate enough resources to buy farms, while others remain tenants indefinitely.

The undesirable aspects of tenancy are not beyond remedy, since for the most part they are not inevitable accompaniments of tenancy as such, but rather are associated with certain common features of landlord-tenant relationships. Much can be accomplished through education, but legislation is needed fully to accomplish the possible improvement.

Every landlord and tenant should be urged to prepare a written lease that is fair to both parties. However, in order to protect the interests of both landlord and tenant, each state in which tenancy is important should establish in its statutes a basic lease which will govern in the absence of such written agreements. An essential feature of such a lease should provide a fair division of income from a system of farming that is profitable to both landlord and tenant.

To encourage good farming practices and to promote desirable tenure conditions, state laws are needed establishing minimum housing standards, providing compensation for disturbance without cause, protecting owners against misuse of their property, and providing reimbursement to the tenants for unexpended improvements made by them. Both parties should be required to give adequate notice of lease termination. Local arbitration committees can well be employed to handle grievances, adjust differences, and assist in determining equitable rental rates.

Because in many states the sharecropper has no specific legal right either as a tenant or farm laborer, legislation is badly needed to establish his status. Greater security and an improved status would result if such legislation gave tenant rights to all persons sharing a crop with the landlord.

Farm Laborers Require Consideration

As a group, the money wages of farm laborers are generally low, their living conditions are unsatisfactory, and they do not participate generally in the benefits of the social security program.

This situation can be partly remedied if farm laborers in the future are included in the social security program for old age and survivor's insurance, and also receive the benefits now available to workers in industry under the unemployment compensation program.

For migratory workers there should be permanent labor homes and modern labor camps, which can be provided by farm cooperatives as well as by state or federal agencies.

Both laborers and farmers can be aided by a coordinated program of job placement information and service.

V. CONSERVATION OF LAND, WATER, AND FORESTS

This nation presents the paradox that although in many ways it has come of age, its use of natural resources still is largely of the exploitive sort which served usefully when the country was young but can lead only to want and distress if long continued.

For at least a generation now, we have seen increasingly frequent and extensive examples of areas blighted because the soil was depleted, the timber gone, water lacking, or resources put to unsuitable uses.

If agriculture and its associated industries are to flourish soundly, both in the immediate postwar period and in the long-run future, it is urgently necessary to adopt progressive and truly effective measures to improve, protect, restore, utilize, and maintain the nation's natural resources. The measures need to be in effect continuously, in good times as well as bad.

The war has driven home the importance of this nation's resources, making it unthinkable to allow wasteful use of them to continue. We must act, and in a manner much more adequate than in the past.

Farm Land Must Be Kept Productive

During the relatively short period of our agricultural history, many millions acres of good farm land have been seriously eroded, depleted in fertility, and made useless for economic crop production.

The situation is worse than it appears, for the effects of soil deterioration often have been temporarily obscured by better tillage practices and improved crop varieties. Neither offers a solution when the land once has lost most of its fertility or become hopelessly gullied.

Even with the expansion of conservation programs in recent years, progress toward improved soil management has been relatively slow. Farmers are becoming increasingly aware of the need, but the major task of soil conservation is still ahead. It is one of the most challenging problems of American agriculture in the postwar period.

Any program of soil improvement and conservation must aim at wise land use and adoption of improved soil management practices.

Many acres of farm land of rolling topography, and usually of low fertility, now used largely for intertilled crops should be shifted to close-growing vegetation. In many areas a first requirement is the improvement of soil fertility through more adequate use of lime and fertilizers so that a protective cover of improved grasses and legumes can be established.

Improved crop rotations and contour cultivation are among the soil management practices which need to be encouraged. Also, since soil depletion has resulted from the removal of large quantities of nutrient elements from the soil through erosion and cropping, fertilizers and lime and must be added in much larger quantities than at present.

Our resources of fertilizer material should be fully explored and developed where necessary to meet the increased fertilizer needs for soil conservation. When economically feasible, the Western phosphate deposits should be developed to supplement the requirements of Central and Western United States and to conserve the eastern deposits for use in eastern sections.

Soil conservation is not a thing apart, but rather must be considered in relation to the great variety of farm operations and practices which make for efficient production. Moreover, it must be related to the economic and social factors affecting land use; for example, the indirect causes of soil exploitation include insecurity of tenure, farming of submarginal land, overindebtedness, fluctuation in farm income, and lack of knowledge. Efforts to promote conservation without alleviating these basic causes of land exploitation may be largely wasted.

Since the direct remedies hinge on better land use and soil management practices, a very high proportion of the needed action must come from farmers on their own soil. Farmers need to become more thoroughly convinced of the necessity of improving and conserving their farm lands, and more generally familiar with the various improved practices by which this can be accomplished. Essentially a sound conservation program is one of finding the facts, educating people to the action which the facts require, and giving some guidance and support to farmers in applying the recommendations.

Since education is the primary conservation measure, provision need be made for a more adequate educational program, especially by providing additional personnel to help the extension service expand conservation work on the county level.

The necessary fact-finding depends upon a continuing, energetic, and well-supported research program. Of first importance is an adequate inventory of soil resources, such as is provided by soil surveys and by studies of the fertility and management requirements of various soil types. The federal responsibility for the soil survey program should be unified in a single federal research agency, and the program fully coordinated on the state level through increased state participation. Especially urgent is the need for research to evaluate the benefits and costs of various conservation proposals and the methods of group action which may facilitate an effective program.

Most states already have enacted soil conservation laws designed to implement soil conservation. In many cases, however, these acts were passed hurriedly, without giving state soil conservation committees or commissions adequate authority, staff, or funds to cope with the action aspects of this problem. Since the conservation district program is a state activity, it is the responsibility of each state to modify its act where necessary to make the work effective.

Responsible leadership must be assumed by farmers in developing the soil conservation district program, both on the local and state levels. Such programs should be fully coordinated with the general agricultural programs of communities and counties as well as of the state.

When public assistance for conservation work on private lands is necessary because of imperative danger to public lands or adjoining farms, or because the required measures cannot be carried out by private action or by the local district alone, then the local soil conservation officers should seek the assistance of the state soil conservation committee.

If it is necessary to apply for federal assistance, the application of the district can be passed on by the state committee to the appropriate federal office. The state committee should be responsible for integrating and coordinating the action aspects of soil conservation activities within the state.

A program which involves public assistance on private lands requires legal safeguards and arrangements for contributions by individual farmers in proportion to the benefits they receive. Such work must be directed to areas and farms where the program will be economic once it is established.

When education and voluntary programs prove inadequate, public interest may require that the police power be used to prevent

excessive abuse of resources by a minority of non-cooperative individuals.

On the national level, the responsibility for all action programs dealing with farm land conservation should be unified under one agency. Also, federal aid for soil conservation—whether for education, research or action programs—should in large part be administered through the appropriate state agencies, in accordance with the well accepted grant-in-aid principle. Only in such manner can needless duplication be avoided and satisfactory coordination be achieved.

The Range Involves Special Problems

The range lands pose special and important problems of wise land utilization, comprising as they do nearly 40 per cent of the total land area of the continental United States, very little of which is adapted to cultivated crops because of adverse soil conditions, topography, elevation, and climate.

Although range land makes its greatest direct contribution to society by providing grazing for livestock, its problems are closely related to those of other resources such as water supplies, forests, crop lands, and recreational facilities.

Excessive destruction of the vegetative cover and the plant soil mantle have occurred on both public and private grazing lands in many areas, with the result that productive capacity and watershed protection have been seriously impaired.

The principal causes of trouble have been: first, poor management—particularly overgrazing, too early grazing, and uncontrolled burning—brought on by lack of understanding; and second, a good deal of climatic irregularity which makes it difficult to balance livestock numbers with feed supplies.

Responsibility for conservation and improvement of range lands rests with the nation, the states, and communities, as well as with the individuals using them. Because of this joint responsibility there needs to be better coordination between agencies that own, and individuals who use, the range.

Public ranges, being the property of the nation, obviously must be conserved and improved for the greatest benefit to society. To achieve this objective it is necessary to unify responsibility for the use, management, and conservation of federal grazing lands by placing their supervision under one organization of the federal gov-

ernment. Likewise, all state grazing lands can best be administered by placing them under the supervision of responsible and well-trained state range specialists.

Given sufficient authority, administrators of federal and state grazing lands could safeguard the public interest by requiring a fair allocation of grazing privileges, by equalizing charges for grazing, and by limiting use of range resources to the safe annual yield. Grazing privileges need to be allocated in such a manner that the range supplements other agricultural resources; for example, owners of valley lands which produce the feed for winter use should have the first right to grazing privileges on adjoining ranges. The elimination of the "checkerboard" system of ownership would facilitate the administration of public range land.

Private ranges under most circumstances should be developed by the owner. However, there are cases where destruction of the cover on private lands through mismanagement is detrimental to society. Where this holds true, it may be justifiable to spend public funds to aid in securing better management or to build structures to protect watersheds.

One of the most critical requirements is to stock the range with only as many animals as it can carry safely with economic use of vegetation. Ecological studies are therefore needed to serve as a basis in determining grazing capacity. Because of changes in the condition of the range due to climatic irregularities, these studies need to be continuous.

In the range area are millions of acres of farm land, now either under cultivation or abandoned, that are so hazardous for crop production that the land should revert to other uses. Physical, economic, and social surveys of these lands would supply specific information to be used by federal, state, and local people in determining the best use and ownership pattern for these lands. Where public ownership is required, the purchase needs to be made part of a regular conservation program.

Erosion control and water conservation on range lands need to be advanced through a continuing program. Water utilization improvements can help achieve a better distribution of livestock by drawing animals away from overgrazed range and onto underutilized range.

Efficient use of the range also demands that more structures be provided to control the seasonal drift of stock, and to expedite the handling of livestock and its movement between range units.

In some areas also, a further improvement of the range could be made by reducing the population of wild animals enough to relieve the severe competition for forage, especially on spring ranges.

Favorable range sites can well be reseeded to increase the yield and quality of forage, as well as to furnish a more adequate cover for protecting the soil. This work can be expedited if seed supplies of the better adapted grasses and legumes are made available. It should also be possible by research to develop better adapted species of grasses and legumes, and practical and less expensive methods of establishing them under the soil and climatic conditions of the ranges.

Continuous surveys and control measures are needed to locate and eradicate centers of rodent, insect, and poisonous plant infestation.

In many respects—but particularly in bringing about an efficient pattern of range utilization—it will be advantageous to organize more grazing districts, so as to enable local people to have more authority and responsibility in adapting range policies to local conditions.

Water Resources Are Very Important

Conserving and utilizing water resources in relation to agriculture involve both the physical control of the water and the establishment of rights to use the water so that the maximum long-time economic utilization of the land and water resources can be obtained.

One legal stumbling-block threatens to prevent agriculture from sharing in water rights to the extent which public interest justifies. Under the commerce clause of the Constitution, the federal government controls interstate commerce, and thus can control all navigable streams. The United States Supreme Court has ruled that any stream which is or can be made navigable is a navigable stream. Under this interpretation, then, practically every stream is navigable, and water rights on such streams may be subject to federal control. It is important, therefore, that Congress should not unreasonably exercise its power over water supplies on the major Western rivers and their tributaries.

Because water for irrigation is absolutely essential to established agricultural operations in semi-arid states, the use of water from interstate streams needs to be decided on a watershed basis, with state and federal cooperation in the determination of priorities

which will best use the area's resources. Extensive navigation or other improvements should not be undertaken without first developing a well-integrated program to use waters of the area for domestic, irrigation, power, industrial, flood control, and other purposes. Nor should there be any crystallization of federal policies with respect to the water of any stream basin in advance of thorough state and federal consideration. Sound and consistent programs directed toward the complete adjudication of all waters should be undertaken wherever the rights to the use of such waters on intra-state, interstate and international streams have not heretofore been determined.

In the previous chapter it was pointed out that there is no need for any large amount of additional farm land in the near future. The planning, construction, and application of water to beneficial use in extensive irrigation projects, however, normally requires 25-50 years. Therefore, even though the prospective demand for products of American agriculture is not such as to warrant immediate construction of such projects, long range planning should be undertaken. The development of new agricultural lands by reclamation, including drainage, should be looked upon not only in the light of new agricultural competition but also in terms of the social and economic conditions in the local area and the effect of such development upon the entire economic structure of the nation, industrial as well as agricultural.

The basic principles indicated for sound irrigation development are also applicable to drainage programs. Large scale drainage of lands for agricultural production should be undertaken only when social and economic conditions justify it and when such undertakings would result in a more stabilized utilization of the lands of the particular area involved.

The primary objective of any immediate irrigation development in the semi-arid plains and mountain states should be stabilization of existing agricultural enterprises. If additional supplies of water in areas now inadequately irrigated will help provide adequate feed for wintering livestock, and to finish off a considerable proportion of the livestock for market, then such a program will contribute to maximum utilization of range-land resources. In the case of dry-land farming areas, there is a place for limited irrigation development to permit a combination of irrigation and dry-land agriculture.

The greatest need on many irrigated farms is supplemental water to provide the lands now partially irrigated with a full, dependable

irrigation water supply. Such supplemental supply can be obtained in two ways. The efficiency of use of the existing supplies can be increased through better methods of water application on the farm, and by reducing conveyance and distribution losses. Increasing the efficiency of the use of existing supplies is primarily the responsibility of the water user, aided by state and federally supported research and extension programs. Secondly, new supplies may be developed through storage, or pumping, or by creating new sources through better watershed management. Where the construction of storage and control works is necessary, such works should have a high priority so long as the benefits exceed the costs.

Another need is for expansion of snow survey activities on high watersheds in the West by the states in cooperation with federal agencies, since it is very important to obtain accurate information as to the available water supply before the planting or water use season begins.

It will reduce the damage caused by floods, though not prevent major floods, if an adequate plant cover is maintained on watersheds, and if soil management and land use practices are improved. Furthermore, in many instances retaining more water on non-irrigated land usually improves crop yields and contributes to underground water reserves.

Under many conditions it is desirable, and even necessary, to construct dams to aid in flood control. Such developments, however, should be planned not only for the sake of flood control, but also with due consideration for the effect on other natural resources and developments. It is desirable to consider carefully the advantages of constructing a number of small ponds and relatively small dams on tributaries, rather than a few large dams on the major streams. Wherever potentially high flood hazards exist, thorough studies need to be conducted to determine the effectiveness of upstream engineering and land use projects to help control them.

Underground water levels have been seriously lowered in many areas, both humid and semi-arid, by heavy industrial and agricultural demands. In certain areas the demand on underground water has been so heavy as to jeopardize the domestic and industrial water supplies of communities. It is difficult to control the use of underground waters satisfactorily because of the lack of suitable legislation, as well as the lack of adequate information concerning the extent and present state of depletion of this resource. It is highly desirable, therefore, that the ground water resource surveys now being conducted by federal and state agencies be accelerated

so that information pertaining to ground water supplies will be available to guide future ground water development.

A single central federal water agency should be created that would coordinate the work of all federal agencies dealing with water, and develop a state-federal relationship under which no federal agency would work in any state without the knowledge and, if possible, the cooperation of the state.

Forest Resources Can Be Developed

The major objective of a forestry program is to keep in continuous forest production all potentially productive forest lands not used or needed for other purposes.

This nation has plenty of forest land to provide adequate forest supplies for the future. The crucial factors are the age and state of depletion of forest growing stocks. These have been adversely affected by destructive cutting, forest fires, insects, diseases, and indiscriminate grazing. Wartime demands have put a severe strain on our timber resources; they have not altered basic trends. Measures that will result in adequate future supplies of forest products, therefore, must be directed towards the prevention of further reduction of the forest capital or growing stock.

In general the most effective ways of bringing current growth into balance with timber drain involve better cutting practices, better utilization of the harvested timber, better protection of forests against fire and other destructive agents, improvement in forest land taxation, and better land classification and use.

That some form of public regulation or control of timber cutting in commercial forests is needed now is generally conceded, but there is no agreement as to the best form of procedure. No one knows how effective the states will be in preventing future destructive practices, nor does anyone know how satisfactory federal legislation would be.

Pertinent considerations regarding the control of cutting include these: It is not so difficult to move in the direction of public ownership and control as it is to reverse the process; the implications of federal control are far-reaching; the efficiency of financial aid in stimulating adequate state regulation has never been tested. For these reasons it would appear wise first to make a fair trial of federal financial aid to states which will undertake the control of cutting. If this fails, then it may be necessary to place increased reliance on federal control, and public ownership and management of forests to assure adequate future supplies of timber.

Because of the large acreage of forest land in the United States, because of the improbability that public agencies could effectively administer all the available forest land, and because of the undesirability of having all forest land in public ownership, private ownership must participate in the forestry program.

A definite plan or program of forest ownership needs to be developed in each state. These plans, based on the determination of what type of ownership is capable of keeping forest land in productive condition, will call for the cooperation of federal and state agencies and farm and industrial forest land owners. As a rule it is wise to retain in private ownership the maximum acreage that private owners will keep in productive condition. The remainder can be developed in federal, state, county, and municipal forests.

The distribution of forest lands among the various units of government will depend on circumstances within each state. There may be need to expand existing national forests or to develop new national forests to safeguard vital national interests. However, programs for national forest expansion should be developed with consideration of the best interests of the respective states.

Cutover land in the hands of individuals or corporations unfortunately tends to become tax-delinquent and thus to revert to public ownership in many parts of the country. A contributory factor in many states is the ad valorem property tax, which discourages private ownership of land that is incapable of immediate high return, and thus promotes the "cut out and get out" system rather than sustained-yield forestry.

It would be wise for the several states to consider taxing cutover and regrowing land on the basis of a low land tax and an equitable yield tax upon the stumpage value of future timber crops harvested from such land. Although it is usually difficult to change the taxation of valuable stands of timber from an ad valorem to a yield tax basis, there is less resistance to such a change when the bulk of the timber is cut. Many states also need to consider the relocation of settlers, changes in the land use pattern, or other steps that may be needed to reduce the cost of local public services, and thus bring taxes into line with the ability to pay them.

Although successful forestry involves more than protection against fire, insects, and disease, such protection is basic and must come first. There is no more effective way to improve forest protection in the United States than by having the federal government contribute a share of the cost of the improved protection.

Federal aid, so successful in developing forest protection, could be equally effective in promoting better forest management. Aid for this purpose would stimulate the states to enact the necessary legislation and to set up satisfactory forestry administrative organizations to control destructive cutting. This program would reduce the need for direct federal assumption of responsibility in regulating state, publicly-owned, and privately-owned forest land.

A plan of federal aid which might well be considered would provide that whenever any state has enacted satisfactory laws and set up an effective administrative organization, the state may be reimbursed for a part of its expenditure for the administration of state forest lands, and for a larger percentage of its expenditure in the administration and management of county, school, township, municipal, and private forest lands.

Farm woodlands represent an important and distinctive type of ownership with possibilities of contributing significantly to the total farm income, especially in the South and East. However, farm forestry programs of the past have been inadequate, as indicated by the generally low volume of timber produced and the all too frequent poor condition of growing stocks.

Measures looking toward the improvement of farm woodlands need to be widely adopted. In general they will include extended and intensified programs of research and extension in farm forestry; clearer recognition by land-grant colleges of the economic possibilities of farm forests; the control of grazing; a better understanding and definition of the responsibilities of various state agencies; and the organization of cooperative woodland management and marketing associations.

VI. RURAL LIVING AND SOCIAL FACILITIES

Better farm family living encompasses so much that it might well be described as the crowning social objective of farm life.

The quality of family living affects the physical, mental, spiritual, and social development of all rural people, young and old. It determines whether able, enterprising youth make up the ranks of those who will be the farmers of the next generation, and whether rural people who go to the city make their greatest possible contribution there.

In many families the income simply is too small to provide an adequate level of living. Yet it is equally true that it is not only the size of the income as such, but rather what people want and are able to get for it, which determines the quality of their living.

Clearly, not only do farm families need adequate incomes, but they also need to use their income wisely and to have available the facilities which make for good living. Many farms, however, are located in sparsely-settled areas which are not adequately supplied with shopping centers, good roads, libraries, medical facilities, schools, churches, and recreational facilities.

Rural Schools Should Be Improved

The educational resources to which rural people have access are of singular importance, both because of the influence of education in the rural communities themselves and because youth from the farms help maintain the urban population. Although more than one-half the children in the United States attend rural schools, many of these schools are not capable of providing the kind of training young people need for lives of maximum richness and usefulness under modern conditions.

Part of the difficulty is that rural elementary teachers as a class receive low incomes. Many of them are poorly trained and are not rural-minded. Often they have unpleasant living quarters, and frequently they are subjected to excessive local criticism. These conditions, when they occur, do not attract people adequately prepared to be teachers and leaders.

Nor are the surroundings in which rural teachers work such as to bring out their best efforts. The school buildings in general are poorly constructed and poorly equipped. Many are unattractive

and dirty, lack recreational equipment, and are provided with the most meager of sanitary facilities.

Rural high schools in many cases are similarly inadequate. There are some high schools with only one teacher, and many more are too small to offer curricula diversified enough to meet the varied needs of youth. Many offer little or no vocational training. It is also unfortunately true that too few rural children attend high school.

Lack of financial support clearly is one of the most serious problems of rural education. Where the sparseness of population results in a high per-student cost even for the facilities now provided, and where local taxpayers are handicapped by low incomes, it is not strange that rural schools are sub-standard. For these reasons, the major solution for the financial problems of rural schools is greater state and federal aid.

Rural people must recognize, however, that more liberal educational budgets will not automatically solve the basic problem of giving their children the best possible training. A change is needed in the type of education offered and in the size of administrative units for the development of school programs and policies if the additional funds are to be economically and effectively utilized. While minimum educational standards must be maintained, it is essential that administrative controls be retained by state and local governments.

All rural children should have as good a basic education as is available to non-farm children. Materials used in the curriculum should be adapted to the environment with which farm children are familiar. Beyond that, rural schools need to offer guidance programs and vocational training facilities for those who plan to remain in agriculture as well as those who will go into other employment, and must offer further academic work for students preparing to enter college. To further these changes in the quality as well as the kind of education, the pre-service and in-service training of rural teachers should be focused upon the varied needs of children.

There is need also for educational opportunities other than those provided in regular school courses. In all communities the schools and extension service must offer training for adults as well as youth in vocational, family life, civic, and cultural fields for the purpose of improving the social and economic life of rural people. Such a program can include class work, consultation services, library facilities, lectures, and an expanded use of education by radio.

Better Health and Nutrition Needed

Although farm people have essentially the same health problems as urban dwellers, they are not so adequately served by facilities for sanitation, preventive medicine, surgery, and other health services.

For some time there have been too few doctors, dentists, and nurses in rural communities, largely because people in these professions have an opportunity to earn larger incomes and obtain better facilities for their work in the cities. During the war there has been a further exodus of these trained health workers from the country. The sparseness of farm population in many areas makes it difficult to provide adequate health services and facilities. In this situation, it would seem that society has a definite responsibility to help bring about the improvements which rural people need and public interest dictates.

There is no reason to believe that health can best be promoted by adopting one all-embracing panacea. Rather, national health policy needs to be flexible enough to permit several different kinds of solutions, and to utilize the thinking of local communities.

State health committees should be organized in each state. They should be composed of representative people, lay as well as medical, and rural as well as urban. Their work can be facilitated by state educational institutions in studying the adequacy of present health, medical, and dental services and facilities, and by cooperating with health committees in working out ways and means of putting a thorough program into effect.

Adequate medical care must be made available to all groups, regardless of individual incomes. Local people in cooperation with the state health committee should determine the program best suited to their situation. A number of plans to achieve this goal already have been tried with more or less success in various localities. Among the devices which may be used to meet the rural health problem are voluntary health associations, health insurance, guaranteed minimum income for doctors, scholarships for medical students who will go into the rural field, and outright public provision for medical care.

Whatever other means are adopted, it is essential to expand public health work in rural areas. Full-time public health units, jointly supported by federal, state, and local funds, must be equipped to serve rural people throughout the nation. The services called for

include maternity and child hygiene, school health supervision, health instruction, communicable disease control, sanitation, vital statistics, and health laboratories.

There are other urgent needs. For example, public facilities for medical diagnosis and care must be improved, with medical centers or cottage hospitals provided where needed in localities not able to support regular hospitals. The heads of such units might well be county directors of public health. Public health nurses also must be provided for county health departments and for rural schools. Ambulance service, needed to transport special cases to larger centers, could be fostered by distributing army vehicles to the areas of greatest need at the close of the war.

The evidence is that only one-fourth of farm families at present are using diets which meet nutritional standards. Moreover, since these standards do not take into account food waste and loss of nutritive value in the processing and preparation of food, the estimate is somewhat optimistic.

All children must have good diets if the coming generation is to enjoy that degree of vigor and health which science has shown how to attain. Because most children in rural areas must eat one meal a day away from home, the school lunch is highly important, making it imperative to serve an adequate one to all children who do not go home at noon.

One of the greatest opportunities lies in expanding and improving education in health and nutrition. Elementary schools as well as high schools, colleges, and adult education programs need to emphasize the basic principles of medical and dental care, sanitation, and nutrition, as well as the place and function of public health services, group health activities, and hospitalization plans.

Many problems relating to diet and health remain to be studied. Much more information is needed on optimum nutritional requirements, especially of infants, children, and the aged. There are possibilities of producing foods by methods which will increase their nutritive value. Further research is needed on methods and equipment used in processing, handling, and preparing foods to conserve maximum nutritive value, good flavor, and attractive appearance.

Extend Social Security to Rural People

At the present time, farmers and rural people generally do not share in the benefits of the large social security program which has been established in this country.

Rural people do, however, help pay for this program. All contribute through the increased cost of the things they buy that were made by persons enrolled in the security program. Also, farmers who work for short periods in covered industries contribute directly to the security funds, but may not work long enough to become eligible for benefit payments.

Obviously residents of rural areas in general have as great a need for protection as do those in the cities. Therefore the survivors' and old age insurance features of the national social security program should be extended to include all farmers and agricultural workers.

In addition, farm wage laborers need to be included in the unemployment compensation program, and simple, suitable procedures should be developed for its administration in respect to farming.

Better Housing Is Desirable

Many rural families live in dwellings that cannot be considered acceptable by any standard. A large number of houses are beyond repair, while a high proportion of the others need major repairs and are seriously lacking in comforts. Only 18 per cent of the farm dwellings have running water, and only 12 per cent have bathrooms. Many homes are over-crowded. Although housing varies greatly in different sections of the nation, poor homes can be found in every region.

The long-run welfare of farm people will not be served by spending money for luxurious homes in preference to items which will increase the productive efficiency of the farm, and certainly not by going into debt for homes beyond the ability of the farm to retire the loan, but the fact remains that millions of farmers must acquire better homes to attain even a very modest plane of modern living.

It would seem a reasonable goal to seek farm houses which are substantial in construction, attractive in appearance, suited to the climate, large enough to meet the needs of the family, and equipped with such facilities for light, heat, water, sewage disposal, and care of food as are adequate for the protection of health.

The most feasible means of expediting the improvement of farm homes lies in developing and making known the kinds of houses and the methods of construction and repair which will afford maximum satisfaction for the money spent. In many instances the

farm woodlot may serve as a cheap and ready source of lumber for farm construction. The need is for efficient plans for new houses and for rebuilding old ones, as well as information on types of materials and construction methods suitable for farm family needs in all parts of the country. An adequate program of this sort will require the cooperation of farm people, business, and state and national agencies.

Since the home is an integral part of the farm business, household equipment and inexpensive repairs may be financed as part of the farm credit program. Funds to pay for remodelling, or for new homes, should be obtainable at a moderate rate of interest on a farm mortgage, provided the amount required in addition to existing indebtedness does not exceed safe mortgage limits, and that the annual payments are not too large for the farm business to carry.

For farm tenants and laborers, it would be desirable, as pointed out in Chapter IV, to establish minimum housing standards by state legislation.

Cooperative associations of farmers can render a distinct service by assisting owners in obtaining plans, materials and supervision necessary for proper and economic construction and repair of farm buildings, and for the installation and maintenance of modern equipment.

Electrification Is Urgent

In the country electricity is not merely a convenience, but actually a necessity for efficient farming and living. Electricity on the farm does more than furnish light, pump water, and operate household equipment. It brings machine-age efficiency to many farm tasks which have been done by hand, and it makes possible temperature-controlled storage or cooling of farm products. By aiding rural industrialization and encouraging the development of vacation homes and rural residences, it can bring increased employment opportunities to rural people.

More than half of the nation's farms are still without electric power. While many of these are no doubt in areas which it is not feasible to reach, it should be an immediate concern in the postwar period to extend this service as rapidly as possible. In doing this, however, it is important that the systems be designed to meet the needs of all potential consumers in the areas to be served. In other words, systems should not be authorized that serve only a part of the farms without responsibility for later extending the service.

Farmers can be helped by a program of education on the operation and maintenance of electrical equipment. Also, research and development work on the farm applications of electricity need to be expanded, particularly as to refrigeration, food storage and processing, and to labor-saving equipment generally.

Telephone Service Needs Expansion

Telephones have multiplied in the United States until virtually all urban businesses and a very high proportion of city homes are equipped with them.

Yet paradoxically the telephone has made no such record on farms, which combine both homes and businesses, and which have great need for telephones because of their comparative isolation. The fact is that the number of telephones on farms has declined, only 25 per cent of farms being equipped with them in 1940 compared with 39 per cent in 1920.

Rural telephone history indicates the greatest difficulty is that the service tends to be poor, and is subject to frequent interruption. Many local telephone systems of the past have been small cooperatives, some unable to provide connections through the larger companies. A considerable number of local systems have found costs too high to remain in business, and larger companies usually have not replaced the service.

Indisputably there is great need for telephones on farms, for business, for social purposes, and for safety in crises brought on by illness, accident, or fire. Public policy therefore should foster the expansion of rural telephone service.

All-Weather Roads Are Essential

These days when it is possible to travel in any section of the country on concrete or black-top roads, to many it is a surprising revelation that less than one-half the farms of the United States are located on all-weather roads.

The fact is that although much highway improvement work has been done during the past two decades, a large proportion of it has been expended on through routes and other heavily-travelled roads, leaving a great deal more to be done if farmers are to be adequately served. Local roads are so important to both the economic and social life of farm people that in many instances they are limiting factors in agricultural production and farm living.

An expanded program of constructing gravel and other types of local all-weather roads needs to be launched as soon as labor, material, and equipment are available after the war. Likewise a more adequate program of continuous road repair is needed.

Local initiative, authority, and funds need to be used liberally in this work, with local people having voice in handling the problem. National and state aid also are justified in the improvement of any road that may affect the production or marketing of farm products, so long as the area involved is not of marginal or sub-marginal type. In all cases, expert technical advice and supervision of methods and materials are needed to assure economy and durability.

Rural People Want Recreation

Every recent study of the problems of rural young people has shown one of their most urgent wants is for better recreational facilities.

Some groups, including certain church and farm organizations, have been notably successful in filling this universal need, but the fact remains that the great majority of rural young people simply do not have any suitable place to get together for recreation under a wholesome environment.

Farm communities need to recognize that what they do, or fail to do, in making the locality socially satisfying to both youth and adults, will influence markedly the kind of agriculture they will have in the years ahead. Adequate recreational facilities are a requirement of real importance, and cannot be safely neglected or indefinitely postponed.

Religious Activities Should Be Developed

A nation's greatness cannot be measured entirely by its material resources, nor does the well-being of a people depend alone upon the abundance of things they possess. Any plans for building a better agriculture must include provision for the full development of religious institutions that serve rural people.

The church promotes religious worship and spiritual development, leads people to recognize the dignity and importance of the individual, and gives them the desire to live up to their highest possibilities. The church ties people to the community, giving men and women a feeling of happiness and satisfaction in what they are doing and where they are living. It invites townspeople and

farmers to closer fellowship and to share in group efforts in behalf of those who live in the community. The church has a great opportunity and responsibility for leadership in getting people to work together for the community welfare.

Although some community activities can well be undertaken by individual churches, many can best be carried on in cooperation with other churches and with social agencies. Community action and unity need not be acquired by uniformity, however, nor yet by a merging of religious agencies. Every religion has its own unique character, and can make significant contributions to community life if its adherents are motivated by unselfishness and by concern for the general welfare.

As examples of useful community work the rural churches can do, it may be mentioned that they are in an excellent position to develop organizations and programs for youth; they can cooperate in citizens' surveys of social and economic problems in the community; help organize local study groups for both youth and adults to consider such issues as farm tenancy, rural health, recreation, education, cooperatives, and soil conservation; and can promote by participation on community councils such civic enterprises as festivals, fairs, health and educational programs, and other welfare activities.

The colleges can do a great deal to help rural pastors become better acquainted with the social and economic problems of rural areas.

VII. THE ROLE OF FARM PEOPLE IN POLICY-MAKING

One of the most urgent needs of agriculture is a means of assuring that the programs and policies adopted actually are those which reflect the needs and wishes of local people.

There must be an end to unadapted programs, to uncoordinated efforts, to wasteful duplication of facilities, and to working at cross-purposes.

What is required is a mechanism whereby farm people can state their needs. The voice of agriculture, to be effective, must represent the consensus, be wise in its counsel, be just and reasonable in its demands, and present plans that are well thought out, workable, and efficient.

Instead of attempting to impose arbitrary national programs on localities—in effect demanding that all feet be fitted into the same size and style of shoe—we need, first of all, programs designed to fit states and counties. If the most feasible solutions call for action crossing state lines, then so far as possible they should represent a synthesis of state and local programs, the reverse of planning nationally and making adjustments locally.

Such a procedure would make it possible to utilize fully in a common cause all the agencies serving agriculture. The United States Department of Agriculture, the Land-Grant Colleges, and the national farm organizations all have the objective of improving agriculture and rural living, but they face the challenging need of working together more effectively, as well as encouraging greater participation in their counsels by grass-roots farm people.

The work of the Land-Grant Colleges is largely educational. This is the field in which their leadership is recognized. They should not be called upon to perform lending, regulatory and similar activities in connection with federal programs.

National Programs Require Joint Planning

To insure effective cooperation on agricultural policy problems, there should be established a permanent national agricultural policy committee composed of representatives from the Land-Grant Colleges, the United States Department of Agriculture, and the national farm organizations.

Such a committee should meet frequently to appraise the needs of agriculture on the national level, review the status of current

programs, consider proposals from state policy committees, and examine new programs proposed to meet changing conditions.

Farm and national welfare will be advanced if thorough consideration, both as to content and method of execution, is given by this committee before any major agricultural legislation is introduced or any important administrative program is inaugurated. It will be important also to facilitate a flow of suggestions and opinions, in both directions, between the national committee and the various state committees.

This national policy committee should give early consideration to ways and means of bringing about effective coordination among the various public agencies concerned with agricultural problems. One of the matters deserving attention is that of how to secure better coordination and to avoid duplication in the dissemination of information on agriculture and home economics. Another is the best organization of governmental agencies, including the place and function of regional offices,

State Policy Committees Highly Important

Each state needs to have an agricultural policy committee composed of leading farm men and women as well as representatives of the Land-Grant College and other agencies serving agriculture. Young leaders, both men and women, who will have a large share of the responsibility for carrying out farm programs, should be well represented on these committees.

The state committees, working in close cooperation with their respective Land-Grant Colleges, need to take a good deal of initiative in postwar planning for agriculture and rural life, giving particular attention to those problems which require group and possibly governmental action.

The state committee, after analyzing each problem, should present its report and recommendations to county councils and other groups. It will be highly desirable for the state committee to encourage all interested groups, rural and urban, to study its plans and make suggestions before a working program for the state is devised.

These are among the important functions that the state committee can undertake: ascertain opinions of county committees on agricultural problems and possible remedies; utilize contributions which professional agricultural workers can make; develop a state

agricultural program ; and express to the national policy committee the views of the state committee.

County Groups Necessary to Insure Adapted Programs

If the mechanism of planning and operating farm programs actually is to insure adaptability to local conditions, then far more responsibility and democratic opportunity for initiative and decision must be placed at the county level.

The reasons are two: The county is the level at which community ideas can best be brought together and made vocal; it is here also that national and state programs must take final form before they are ready to be accepted and applied by local people.

These conditions dictate need for a county-wide council which will represent the interests of all farm people. Members of such councils, selected on the basis of their ability to contribute to the development of agricultural programs, should include representatives of all farm organizations, agencies, or groups, and should reflect the point of view of all important types of agriculture, geographic sections, and income levels found in the county.

The county council would have the task of adapting the report of the state policy committee to local conditions, and of developing a working program for the county. For its own guidance in making decisions it would present the issues to all interested local groups for full discussion, the goal being as nearly as possible to reach all farm people in the county. The neighborhood leader system, instituted by Land-Grant Colleges as a wartime measure to reach all farm people, should provide a basis for approaching this goal.

County and state committees, such as are here suggested, can stimulate rural thinking, planning, and action along wholesome, effective channels. They can utilize to a high degree the aid and leadership of Land-Grant Colleges as well as the ideas of the national policy committee, yet assure local initiative and local control.

Such a marshalling of talents and energies is very much to be desired, for the tasks that lie ahead call for the best, and most completely coordinated efforts of agriculture all the way from the local to the national level.

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