

THE CASE OF THE



GROWING



PROBLEM

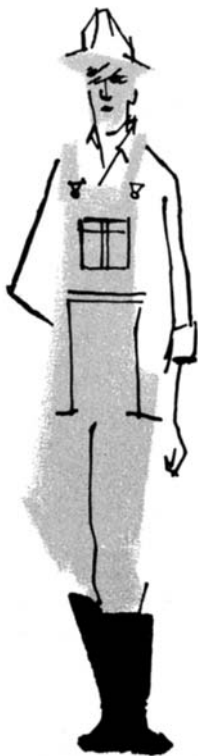


CASE-STORY NO. 9
THE FARM PROBLEM

CASE-STORIES IN AMERICAN POLITICS

AMERICAN FOUNDATION FOR
CONTINUING EDUCATION





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the case of the



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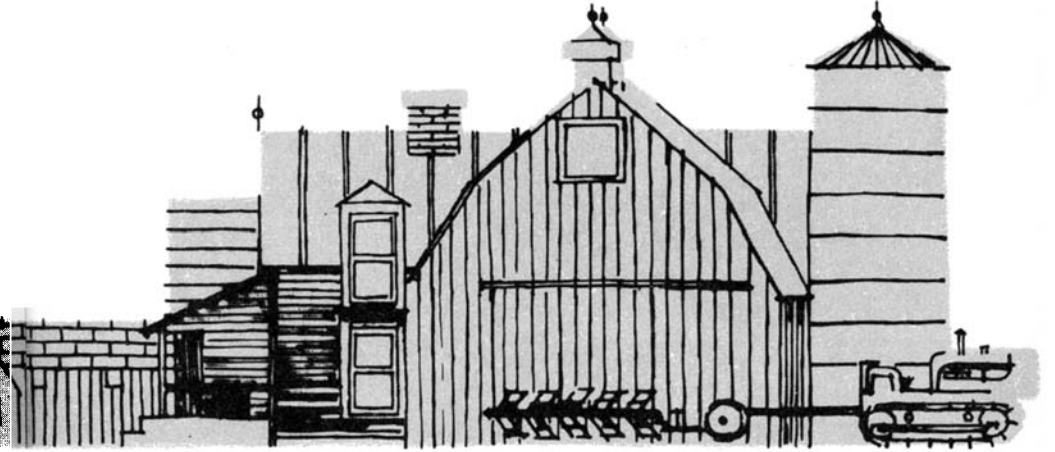
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GROWING PROBLEM



BY EDWARD C. BANFIELD

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preface

The case-story presents a new approach to the study of American politics. It combines the traditional case-history method with the short story. The case-story acquaints the reader with the facts and the political issues of an important national problem in the form of a dramatic situation drawn from real experience. It raises, for the reader, the political choices which face men and women in public life and which, in one way or another, face all adults.

This case-story is one of a series prepared by the American Foundation for Continuing Education. It is fiction in the sense that it describes a hypothetical situation, with imaginary characters. Any resemblance to actual persons, living or dead, is coincidental. But the persons in this case-story deal with a very real problem. As concerned and responsible persons, they necessarily possess opinions and convictions which they express as forcefully and persuasively as they can. We ask the reader not to ascribe any of these opinions and convictions to the authors or to this Foundation.

The American Foundation for Continuing Education, an Illinois corporation organized not for profit in 1947, devotes itself exclusively—and has since its incep-

about the author

EDWARD C. BANFIELD Professor of Political Science at Harvard University, was formerly Secretary of the New Hampshire Farm Bureau Federation and, for several years, an information specialist in the United States Department of Agriculture. He has published a number of technical articles on agriculture affairs in the *Journal of Farm Economics* and

the *Journal of Land and Public Utility Economics* (now *Land Economics*). He is also the author of several books, including *Government Project*.

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tion—to a program of adult group discussions of fundamental problems. The Foundation is a non-partisan educational organization and as such takes no position on the matters discussed in this case-story, nor does it represent or promote any particular point of view on any matter of public policy, domestic or foreign. The sole objective of the Foundation's program is to raise the level of education and understanding on important problems of public policy. The Foundation has prepared materials on World Politics, American Foreign Policy, Russian Foreign Policy, and American Democracy which have been used by adult discussion groups throughout the country in cooperation with numerous local sponsors.

As with all other reading materials prepared by the Foundation, the purpose of these case-stories is to provide the basis for discussion groups organized by the Foundation and its associated sponsors. Primarily, therefore, this case-story, and others to follow, will be used in discussion groups. But since it may receive wide distribution among individual readers, we urge all persons interested in forming discussion groups in their communities to correspond with the American Foundation for Continuing Education, 19 South LaSalle Street, Chicago 3, Illinois.



Subjects available in the series

1. *Desegregation in the Public Schools*
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6. *Enforcement of the Anti-Trust Laws*
7. *Urban Renewal*
8. *Censorship of Obscenity*
9. *The Farm Problem*
10. *Immigration*



WHEN YOU ENTER CONGRESS

you suddenly discover that there are a thousand matters about which you are profoundly ignorant. They are all matters of the very first importance. And they all involve decisions that have to be made right away. Fortunately your ignorance doesn't make much difference. You have to follow the lead of the old-timers in most things, and a freshman Congressman isn't of much importance to anybody but his wife and children anyway.

I was very much embarrassed, though, when shortly after taking my seat I visited my district to address a luncheon meeting of the Men's Club. In the question period, one of the members asked me how I planned to vote on the farm bill.

I didn't even know there was a farm bill. There aren't any farms in my district and I hadn't paid any attention to farm legislation.

"Frankly," I said, "I haven't decided. The issue is a very complex one and I'm giving it careful study. Of course, it isn't a matter of great importance to us here."

I realized right away that I had said the wrong thing. The man who had asked the question gave me a stern look.

"I'm surprised to hear you say that, Congressman," he said. "We all eat and we all pay taxes. I feel that the farm bill is of very great importance. Even though you haven't decided how you will vote, I think we would all appreciate having a simple explanation of the central issues."

I hemmed and hawed for a while and then suddenly remembered another engagement. The truth was I didn't know enough about the farm problem to discuss it.

That was what got me started looking into the subject. I knew that in six months or so I would be speaking at another such luncheon and that the stern-faced man would corner me again. I was determined to have some answers for him the next time.

When I explained to Congressman Moss, the chairman of the committee dealing with agricultural matters, that I wanted to learn something about the farm problem, he invited me to attend the hearings of his committee.

"We're looking at the farm problem from one end to the other," he told me. "We'd be honored to have you present. Any time you want to ask questions of witnesses or speak a piece of your own, just feel free to do so."

I thanked him and said I would.

The first hearing I attended began with a little speech by Chairman Moss. It was the kind of speech that's very useful for mailing home to constituents. He read it from a card in front of him.

"We are met to consider a matter of the greatest importance," he said. "Nothing is more important than the welfare of the farm people of the United States. The rest of us depend upon the farmers for our very existence. We can get along without cars and television sets. We can get along without government. But we cannot get along without food. That is why the farmer is fundamental. He is the one indispensable man.

"The population of this country is growing by leaps and bounds. By 1975 our population will be about 225 millions. Unless we have a strong and healthy agriculture, famine will stalk the land. We must make sure that the farmer will be able to feed and clothe the generations that are to come.

“The farmer is fundamental in another sense. The prosperity of the nation depends upon his prosperity. When he is badly off, we are badly off. And when he is well off, we are well off. The meaning of that is plain: if we are to keep national income up, we must first keep farm income up.

“There is a third sense in which the farmer is fundamental. The nation draws the strength of its character from him. There is virtue in the soil. There is virtue in being close to the soil. And it is the virtue of people who are close to the soil—people who are humble, hard-working, God-fearing—that gives the nation the strength to survive, grow, and become great. We must foster that virtue before it is too late. That is why we are here this morning.”

When he finished reading, Chairman Moss looked up and cleared his throat.

“Let’s get down to business,” he said. “Is the Department of Agriculture witness here?”

The Department of Agriculture man was most informative. He had brought with him an armful of charts and graphs mounted on big cards. He set these up where the Committee could study them, and then explained them one at a time.

I was aware that, except during the War, this country has long been producing more of about a dozen commodities than can be sold on the open market at what farmers consider fair prices. The government supports the prices of 21 commodities by making “non-recourse” loans to producers (a non-recourse loan is one that can be repaid by giving over the product stored as collateral) or in the case of a few commodities by buying in the open market at pre-established levels and storing them for disposal later.

The government also pays farmers for taking land out of certain crops that are in surplus and planting it instead to soil-saving grasses and legumes. This is called the Soil Bank. I was surprised to learn that in spite of this, the surplus problem is getting worse for some products. By far the biggest part of the problem is with just three crops—wheat, corn, and cotton. The surplus of these is enormous. In 1959, for example, we had enough wheat in storage so that even if we didn’t produce a single bushel and if we consumed

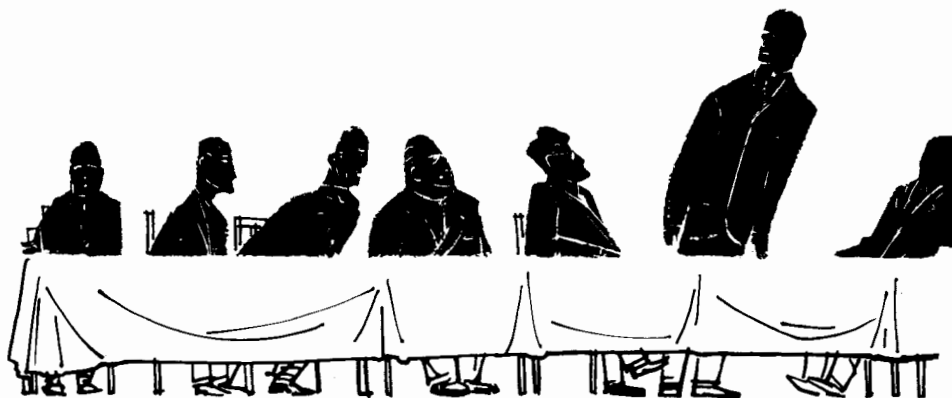
wheat and sold it abroad as usual, we would have around 300 million bushels left over at the end of the year.

Even though they haven't succeeded very well, the measures to reduce surpluses have been fearfully expensive. For example, the net cost of the price- and income-support program for the fiscal year that began July 1, 1957, was \$2.7 billion: \$2.2 billion for price-supporting and surplus-disposal operations and half a billion for the Soil Bank. Just the storage, transportation, and interest on these surpluses cost the government over \$1 billion the following fiscal year.

But the thing that surprised me most was that farmers are still not well off. Their average per capita income is only about half that of non-farmers.

Of course, averages are deceptive. I found it useful to divide the farmers into three categories. The first category—"high production" farmers—sold more than \$10,000 worth of products a year. There were 600,000 of these relatively large and prosperous farmers in 1954. The second category—"small commercial"—sold products worth from \$2,500 to \$10,000. There were about 1.5 million of them. The third category—"low-production"—sold less than \$2,500. This was the largest: it included 1 million full-time and 1.7 million part-time farmers.

The average family income of the first two categories together was \$5,415 in 1956. The income—including non-farm earnings—of the third category, the low-production farmers, was \$2,925. For non-farm families the comparable figure was \$6,900. Of course, as the Department of Agriculture man pointed out, farm people get



some intangible satisfactions from farm living and perhaps these ought to be considered as part of their income.

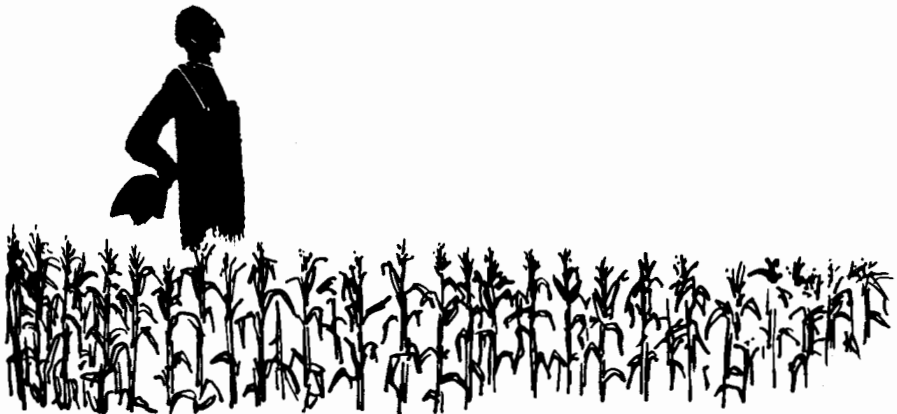
There are also about 1 million full-time and another million part-time farm laborers. The incomes of these laborers, especially the half million migratory ones among them, are very low. Those who put in 250 or more days on farms for wages averaged \$1,911 in 1956.

All my life I'd heard people speak of "the farm problem." Now that I had the figures before me, I began to see that there are really *two* farm problems. One concerns the farmers—say about a million and a half of them—who have land and farm production enough to make a decent living when prices are right. The other concerns the people who have very little farm production and who therefore wouldn't benefit greatly if prices were sky-high. These are the smallest commercial farmers and the low-production farmers—about 3.33 million families all told.

Some of the Committee began asking questions, and after the figures on the charts had sunk in I decided to ask some too.

"The low-production farmers," I said, "—they don't benefit much from price supports, storage programs, the Soil Bank, and so on. Is that right?"

"That's right," the Department of Agriculture man said. "Those programs only benefit the people who have something to sell. The bigger the farmer the more he is benefited. That's the way the laws are. The sales of farm products from those 2,700,000 smallest farms don't amount to more than 10 per cent of the total."



“Then we’d still have the surplus problem even if all those small farms went out of business tomorrow?”

“We’d hardly know the difference,” he said. “In fact, we could spare quite a few of the commercial farmers and still have a surplus problem. The 600,000 high-production farms produce about 60 per cent of the total.”

“Well then, those 600,000 big producers must be getting the lion’s share of the billions we’re spending on price supports and the Soil Bank.”

“Yes.”

“Suppose,” I said, “that I am a cotton farmer who plants an allotment of 100 acres. How much will I cost the taxpayers this year?”

“Around \$10,000,” he said. “Of course, when the government disposes of the cotton that it buys from you, it will get some of that money back.”

“And suppose,” I said, “that I have a really big farm—say several thousand acres. How much may I get in subsidies?”

“The 10 biggest farms got about \$3.5 million in price-support loans and another half million from the Soil Bank program in 1957. One farm in California got a total of nearly \$1 million.”

I was startled. I looked around at the members of the Committee and at the reporters. None of them seemed surprised. Chairman Moss was busy checking some papers with a stub of a pencil.

He looked up. “Go right ahead,” he said. “Ask all the questions you want.”

“What are we doing for the people at the bottom of the heap?” I asked. “The farm laborers, for example.”

The Department of Agriculture man shook his head.

“There aren’t any programs specifically for them,” he said.

“None at all?”

“No.”

“Well, what are we doing for the very small farmers—the low-production ones who don’t benefit from the price programs?”

“We aren’t doing very much for them either,” he said. “You see, modern farming requires large amounts of credit and technical skill. Through the Farmers Home Administration we’re providing both. Farmers who can’t get credit from other sources may borrow at 5 per cent from FHA for operating needs like seed, feed, fertilizer, and equipment. Loans are also made for the purchase and enlargement of farms and for the construction of farm houses. Along with the loans, FHA gives technical advice on all sorts of agricultural and money management matters.

“Where the low-producing farmer can make use of it, this super-vised credit is very constructive.

“Unfortunately, not many small farmers can make use of it. Some can’t get a farm from which a decent living could be made under any circumstances. Others simply can’t work out a farm plan that promises to repay the large amounts they would have to borrow.”

I was puzzled. I knew that during the Depression the government had done much with credit to help the small farmers and the tenants. “Why,” I asked, “doesn’t the Farmers Home Administration make a large number of small loans to the poorest farmers?”

The Department of Agriculture man shook his head. “Twenty years ago,” he said, “we could do a lot for a small farmer just by helping him to buy a pair of mules, a few cows, and a little fertilizer. Today’s farmer—today’s *small* farmer, that is—needs tractors, hay balers, many cows, a milking parlor, a bulk milk tank, a great deal of fertilizer, as well as insecticides and other things. The prices of all these things have gone up too. As recently as 1950 the average investment per farm worker was \$9,600. Now it is over \$17,000. That gives you an idea.

“FHA is doing an important job, especially in helping young farmers get a start. But there is no denying that, as compared to the total number of small farmers, the number of FHA borrowers is small and must remain so.”

“How many are there?” I asked.

“About 100,000 have operating loans. Another 92,000—tenants and veterans—are buying or improving farms with long-term loans.”

Distribution of Farm Income

Distribution of 2 Programs

average \$10,000

600,000
farmers

average \$5,415

1,500,000
farmers

average \$2,925

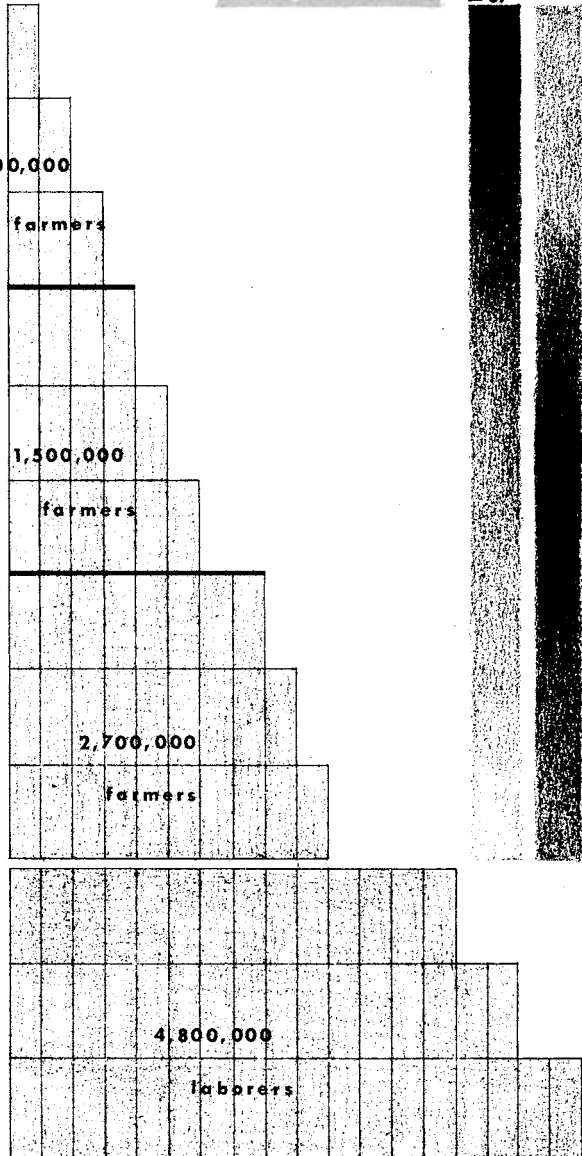
2,700,000
farmers

average \$1,971

4,800,000
laborers

Price Support

FHA



“What else are we doing for the small farmers?” I asked.

“Recently we began a Rural Development Program. In many states, especially in the South and the Appalachian Region, there are districts where a large proportion of the whole population is chronically poor. Housing in these places often is bad. Many schools are bad. Health facilities are bad or altogether lacking. What’s needed is to bring all of the public agencies together in one concerted effort to raise the level of the whole economy. That’s what we are trying to do. Together with the State and local leaders, we concentrate our efforts in these districts and use education, credit, and conservation agencies in a single, unified approach. It’s a team effort. We in the Federal government offer all the services we have, but it is up to the people of the communities to decide what they want to do and which services they want to use. The program is now going forward on a pilot basis in more than 100 counties of 30 states.”

“And how many counties are there in the United States?”

“About 3,000. Of course, most of them don’t require that kind of help.”

The witness was obviously a nice fellow who was trying hard and doing a good job. I didn’t want to make things difficult for him with Chairman Moss, but I did want to find out how seriously to take the Chairman’s prediction that the population of the country might some day outrun the food supply. I tried to put my question tactfully.

“How long will it be,” I said, “before the growth of population catches up with the production of the commodities that are in surplus?”

The question didn’t seem to bother him at all.

“If you assume no change at all in the farm plant,” he said, “in the amount of resources devoted to agriculture and in our technical knowledge—why maybe we will have caught up in another 15 or 20 years. But that’s not a reasonable assumption to make.”

“Why isn’t it?” I asked. “We’ve got just so much land. If the population keeps on increasing, a time must come when there won’t be land enough. Besides, we’re taking good land out of production

all the time to build suburbs, airfields, and things like that.”

“We’re also bringing land into production,” he replied. “In the next 25 years something like 6 million acres are likely to be brought under irrigation and another 15 million acres are likely to be drained. But changes in the supply of land don’t really make very much difference. We can get along just as well with less land by substituting other things for it. In fact, that’s one reason why we still have a surplus problem. We’ve been doing just that.”

“I’m sorry,” I said. “You’ll have to explain. I don’t follow you.”

“Well, you know that the producers of certain commodities have accepted acreage restrictions in exchange for price supports. If a man usually planted say 125 acres of cotton, he may be allowed to plant 100. That is his share of the total—a smaller total: one intended to bring supply down somewhere near demand.”



“Yes, I understand that.”

“Well, the typical grower produces as much on his 100 acres as he used to produce on the 125. Cotton acreage now is only about half what it was twenty years ago, but farmers produce as much cotton now as they did then. It’s the same story with wheat. This year’s crop is double that of twenty years ago, but it was grown on 17 per cent less land. That’s why I say changes in the amount of land aren’t very important. Farmers can substitute other things for land.”

“What is it that they use instead?”

“Capital in various forms. Machinery—there are three times as many tractors and trucks on farms as there were then. Fertilizer—farmers are using about three times as much fertilizer as they did then. Technical skill—better varieties of plants and animals and

better methods of handling them. It's astonishing what can be done. We thought we were pretty good in 1940, but dairymen have 3 million fewer cows now and yet milk production has not dropped, because each cow produces 1700 pounds more milk. For every two eggs a hen laid in 1940, her descendant is laying about three today. There are places where one man handles 10,000 broilers. In the Midwest there are farmers who produce, harvest, and store corn with as little as a minute and a half of labor per bushel."

I looked around at Chairman Moss. If he was relieved to learn famine wouldn't stalk the land he didn't show it. He was staring up at the ceiling with a preoccupied frown.

"Are we likely to keep up that rate of progress?" I asked the witness. "I should think that if we do, in another generation the surpluses will be so great there won't be any place to stand."



"I don't suppose we will continue at quite that rate," he said, "although we probably could do even better if we really tried. But there will be improvements for a long time to come. I don't see any possibility of our population outstripping our ability to produce food, no matter how much the population increases. That's a terrible problem in much of the world, but not here."

Just then the buzzer sounded for a vote in the House. Chairman Moss banged his gavel and we all hurried off.

At the first opportunity I stopped around for a chat with Chairman Moss. I found him in his office, in shirt-sleeves and suspenders, sitting behind an old roll-top desk, eating an apple.

"Sit down, young fellow," he said. "Make yourself at home. Have an apple."

There was a bushel basket of apples beside the desk. I took one.

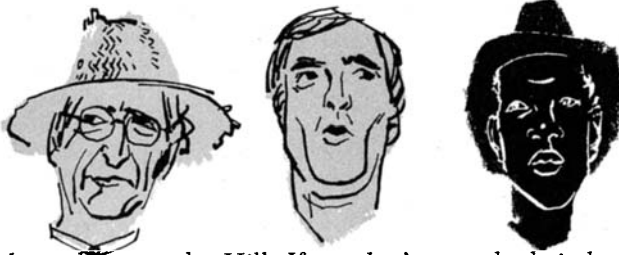
“Learn something you didn’t know before?” he asked.

“I’m surprised how much we’re doing for the biggest farmers,” I told him. “I can’t say I favor such lavish help for them. Perhaps we ought to do more for the small farmer. But there’s no sense giving all those billions to the industrial farms. They’re well enough off as it is.”

“I agree with you,” he said. “I’ve got no sympathy for those big fellows. If I had my way, I’d let them all go broke. I wouldn’t give them a dime. But that’s not a practical possibility.”

“Why not?”

“Two reasons, mainly. One is that they’ve got the votes here in Congress. We’ve tried almost every session for years to put a limit on the subsidy one farm can get. Usually the limit gets knocked out of the bill somewhere along the line. Those big fellows have lots of



friends up here on the Hill. If we don’t scratch their backs, they won’t scratch ours. We can’t pass a farm bill without their help.

“But, frankly, I don’t think a limit will make much practical difference. There are too many ways to get around it. The big farmer can rent his land to tenants in small parcels. Then they will get the subsidy from the government and he will take it from them in rent. Or he can sell his stuff on the supported market rather than put it under a non-recourse loan.”

I asked what was the other reason for not excluding industrial farms from the subsidy program.

“Why,” said Congressman Moss, “the other is that although they are few in number, they control an awful lot of acreage. You can’t leave them outside the operation of the law entirely. If you support prices in the market, you can’t prevent them from benefiting. So

you would have to penalize them for overproduction without offering them any compensation. The courts might say that is taking their property without due process of law. I don't know about that—I'm no lawyer. But a lot of people think it wouldn't be fair."

"Well," I said, "what disturbs me is that the whole thing is so expensive. I just don't see how we can keep it up."

Moss inspected the core of his apple closely.

"I don't know that it's so blamed expensive," he said. "Costs a good deal, there's no doubt about that. But that argument can be overdone."

"Four or five billions a year," I said.

"You can't really be sure," he replied. "The government may sell what it has in storage for more than it expects. I remember just before the War it looked as if the surpluses were out of hand. Then the War came and we were glad we had them. The government actually made a profit on some of its holdings. That could happen again."

"No, it couldn't," I said. "If there's another war, there won't be anybody left."

"Maybe so," Moss said, "but I still think it's too early for a final reckoning. In my opinion, limited war is still a possibility. Anyway, I believe that if the government never gets a penny for the stuff in storage, the farm program will have been one of the best investments any nation ever made. I'm talking purely from a dollars-and-cents standpoint now."

"How do you figure that?" I asked.

"You remember what the Department of Agriculture man said about recent increases in productivity? Hens laying more eggs, cows giving more milk, and so on?"

"Yes."

"Those increases would never have occurred if it hadn't been for the incentive of high prices. We might have gone 50 or 100 years at the old levels of production otherwise. The subsidies pushed us up to a new peak of efficiency in commercial agriculture, and we'll

never come down. But we wouldn't have got up there without the farm program."

"But that 'peak of efficiency' forces us to pay out billions in subsidies every year," I said.

"The subsidies aren't as bad as you make out," Moss said. "Mind you, I'm looking forward to the time when none will be needed. But let's recognize that giving farmers subsidies doesn't make us any poorer as a nation. We're just transferring the money from one set of citizens to another. It's not like foreign aid. That goes out of the country altogether. Instead of the taxpayer spending the money, the farmer spends it. That's the only difference."

I laughed. "My constituents think that's a pretty important difference," I said. "Certainly you can't deny that the farm program is terribly costly. Growing a lot of stuff that nobody wants is a waste. There's no getting away from that. The farmers could use their time and capital in ways that would contribute more to the wealth of the country. They might as well be raking leaves as producing something for storage."

Moss nodded. "You've been nice enough to admit there's something in my argument. So I'll be nice enough to admit there's something in yours too. There is. But not as much as you think. Some of the resources you say are being wasted just couldn't be used for anything else. That being the case, they aren't really wasted at all, as I look at it."

"I don't follow you," I said.

"Well, suppose I've got a farm. And suppose the farm is suitable for growing cotton and for nothing else. And suppose I don't know anything but farming. Well now, somebody comes along and tells me I'm wasting my time and my land by growing cotton. What's the alternative? I can leave my land idle. And I can be idle myself. Is that any less wasteful?"

"Your example isn't fair. Your land and labor could always be used for *something* else."

Moss grinned. "That's why I said there's something to your argument," he said. "But my point is this: the 'waste' is not the whole

cost of producing that cotton. It's only the difference between the value of the cotton and the value of the best use I could possibly make of my land and labor. Say I produce \$400 worth of cotton. And say some other use of my labor and capital would make me \$500. Then the waste is \$100. But if I couldn't make any more than \$400 no matter what I did, there wouldn't be any waste at all."

Moss leaned back and hooked his thumbs under his suspenders.

"Now the fact is," he went on, "a good deal of what goes into the production of surpluses isn't waste because it couldn't be used to produce anything of higher value. Take the land, for example. We could make wildlife refuges out of it, I suppose. I don't know what else. Personally, I'm not a bird-lover."

"How about the machinery and the fertilizer that goes into producing surpluses?" I asked. "We wouldn't have to manufacture them, and the things that go into them could be used for other purposes."

"I'll have to admit that," Moss replied.

"And how about labor?"



“A lot of it couldn’t be used for anything else,” Moss said. “Oh, in the long run it could. But in the shorter run—say 15 or 20 years—much of it couldn’t. People who leave the land haven’t many useful skills to take with them. Some of them can learn skills, of course, but that takes time and money. Others can’t learn them. They’re too old or too set in their ways. There are some rural people who are just too backward to be of much use in the city.

“It’s all very well to talk about moving people out of agriculture. I’m for it. Over the last 16 years about a million persons a year have left the farms and I hope that trend keeps up for a while. But you’ve got to remember that there are costs in that, too. Some of these folks will not produce anything more valuable in the city than they produced on the farm. Maybe even less.”

“That doesn’t sound reasonable,” I said. “If their incomes were not going to be higher in the city, they wouldn’t have moved there in the first place.”

“They may have misjudged the situation,” Moss replied. “Even in good times we have millions of city people unemployed. Suppose



we have a major depression. Do you think they'd be more productive in the city than on the farm?"

He shook his head in answer to his own question.

"Anyway," he went on, "depression or not, when people move off the farms and out of the rural areas they want a lot of expensive things they never expected before. Schools. Hospitals. Relief. Most rural people, especially the ones down South, don't have much spent on them for things like that. A farm hand can be feeble-minded and nobody knows the difference, if all he's got to do is chop cotton. But get him off the land and up in the city and if he's feeble-minded you've got to put him in a home for the feeble-minded. Or maybe in a jail. Any way you look at it, it costs money. No, young man, if you really want to economize, it might be cheaper to keep a lot of rural people right where they are."

"I don't mean I'm for economy regardless of all other considerations," I said. "I believe we should do more for the lowest income people in agriculture—the low-production farmers and the farm laborers."

"It isn't easy," Moss said. "There's not much you can do for most of them. They just haven't got the land. You can help a few of the bigger ones to farm more efficiently and we're doing that now through the Farmers Home Administration."

He selected another apple from the basket and polished it carefully between his palms.

"There's only one thing that can be done for most of those people," he said.

"What's that?" I asked.

"Get them off the land."

I thought that over for a while.

"What we need for them," he went on, "is not farm legislation, but other kinds of help. We need to see that low-income rural people get better schooling. That would make them more employable in the cities and towns. We need to see that they have information about the job opportunities in other places. And I suppose most of

all we need to maintain high levels of employment in industry. The Rural Development Program is encouraging industry to move out to some of these areas and that will help.

“You’ve got to remember, too, that a big share of the lowest-income people in agriculture are Negroes in the South. The problem of rural poverty is partly the racial problem. We’ve got to give the Negro a better break in this country. I don’t have to tell you that isn’t going to be easy politically. Or any other way, for that matter.”

I nodded. He had given me something to think about. It had never struck me before that in some areas rural poverty and racial problems are tied together so closely.

Moss seemed willing to continue the discussion indefinitely, but I knew there were people waiting in his outer office and so I excused myself.

“Put a few apples in your pockets before you go,” he said.

When the Committee reconvened, a parade of witnesses offered suggestions for disposing of the stock of surpluses.

A kindly lady wanted to distribute them to the poor. She reminded us of the Food Stamp Plan, a measure used for a while during the Depression to enable low-income people to buy more of the things that were in surplus. One trouble with her idea was that nowadays there aren’t many people who can’t afford a good diet. More important, even if the people with the lowest incomes did spend more for food, they wouldn’t buy the things that are in surplus, except for dairy products. The cost of administering such a plan, everyone agreed, would be very high.

The pleasant lady went on to tell us that about one-third of the nation’s school children get subsidized school lunches. If all children got them and if the lunches were larger, we would use another \$650 million worth of food every year. It turned out, however, that not much of this increase would be in the things that are surplus. I concluded that the school lunch program ought to be extended, but for the sake of the children and not for its effect on the surplus.

A scientist talked about finding new uses for agricultural products through research. It seems that the Department of Agriculture maintains four regional laboratories for this purpose. We were shown ashtrays made from chicken feathers in one of the laboratories and given samples of a not-very-good drink made from melons that could not be marketed fresh. Although there may have been developments of some economic importance in these laboratories, I was left wondering if there ever would be any that would lick the farm surplus problem. The big surpluses are in cotton, corn, and wheat, not chicken feathers and melons. A motor fuel can be made out of grain, the scientist said, but it is a good deal more costly than gasoline.

“What’s the sense of that?” a Committee member asked. “A new use is no help unless it can compete.”

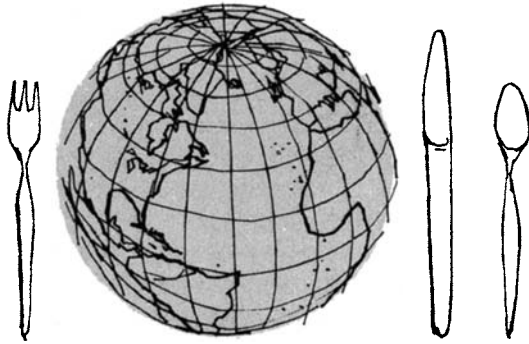
I agreed with him.

An advertising man wanted to start a campaign to persuade people to eat more—especially more animal products. If they would do that, he said, all would be well. The animals would eat the surplus grain and then the people would eat the animals. The idea of changing people’s eating habits didn’t appeal to the Congressmen from the fruit and vegetable areas, however, and a nutritional expert testified that people who spend more for food don’t necessarily get better diets. Most Americans, she said, are overfed as it is. Looking at my own waistline and those of my fellow statesmen, I thought she was probably right.

The testimony that aroused the most interest came from a man who wanted to give the whole surplus to the United Nations for distribution in India, Africa, and other countries where mass starvations is imminent.

Our stockpile of food and fibre, he told the Committee, ought to be regarded as a God-given asset to be shared with all mankind. Sharing it, he said, would do more to preserve us from Communist imperialism than all the hydrogen bombs we might possibly make.

Moss said that we are already doing a good deal along this line. Public Law 480, he said, authorizes us to give surplus foods to non-profit agencies for distribution abroad, to make donations directly



to friendly countries in time of need, and to sell surpluses in exchange for foreign currencies. In fiscal 1957, for example, total agricultural exports were \$4.7 billion. Forty per cent of this was financed under Public Law 480 and another 30 per cent included some other subsidy.

“That isn’t enough,” the witness said. “As long as there are starving people anywhere in the world we ought not to talk of cutting our production. Instead we ought to increase it and send abroad every bushel of grain we can.”

The Committee member sitting next to me leaned over the table toward the witness.

“My friend,” he said, “I try to be as generous as the next fellow. But what you’re proposing just isn’t practical. It would make us more enemies than friends. And it would be a terrible waste of money.

“It would make us enemies because giving stuff away or selling it at less than market prices is ‘dumping,’ the worst crime in international trade. It ruins producers in other countries. Unless we can be certain that the people we would give it to couldn’t otherwise buy from someone else—and it’s mighty hard to be certain of that—we’d be taking customers from other producers. Some of them are our allies and some are important neutrals. Even if they weren’t suspicious of our motives (they’re apt to think we’re trying to steal their markets), they wouldn’t like it. We wouldn’t either.

“I said it would be wasteful, too. Getting food overseas takes an

awful lot of ships and money. And after it gets there most of it has to be processed before it can be eaten. I'm told that the cost of processing is about half the value of the food. If we want to help those people, the way to do it is to send them what they need to grow their own food. Simple tools, for example. Or the machines with which to make their own simple tools. Technical knowledge. By developing improved varieties of plants we might double or triple production of some things almost overnight. Education. Helping these countries to teach their peasants simple skills and to get more out of their present resources. None of these things is easy to do, I'll admit, but in the long run they offer the only practical solution to the problem."

Chairman Moss spoke up.

"I agree," he said. "And let me add, charity is bad for people. It takes away their ambition. It leaves them hating the people they have to depend on."

The witness smiled.

"I agree with everything except your conclusions," he said. "We ought to be very careful, in giving away our surpluses, not to destroy the economies of the other producing countries. That would only create more poverty. But there are millions of people in the world who are not customers for anybody and we can get the food to them if we try hard enough. I'm in favor of helping the underdeveloped countries to make themselves more productive. But I'm in favor of sending food meanwhile to avert starvation while these other measures are taking effect. As for the danger of our being hated by the people we help, why that's a risk we must run. The Good Book preaches charity, not popularity.

"Incidentally, since you are concerned about our relations with other producer countries, you ought to consider the effect of our tariffs and other import controls. Our friends abroad must think we're terrible hypocrites. On the one hand we say we want to help them strengthen their economies for our common defense. On the other hand, we limit the import of certain commodities like dairy products. Holland and Australia, for example, are good friends. They have butter to sell. It's a very important matter to both of

them. But we limit drastically what they can sell in the United States because we already have a butter surplus. Yet we expect them to help maintain our defensive alliances.”

Moss leaned forward.

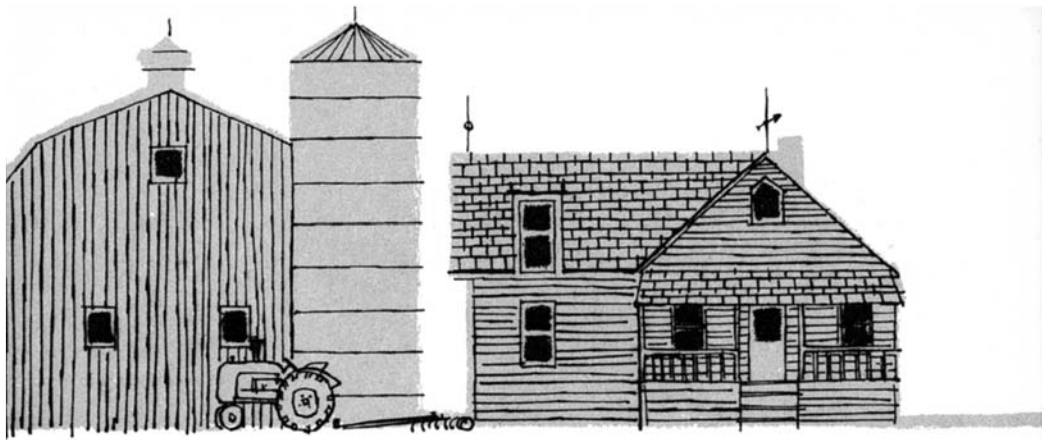
“You sound like you’re against import controls,” he said. “Where would the American farmer be if we let the whole world dump its stuff in our market? You’re not helping the farm problem with talk like that. You’re making it worse.”

I wished that I had remembered import controls when I argued with Moss in his office about the cost of the farm program. If Holland, Australia, and other countries will sell to American consumers for less than American farmers will sell, then the protection our farmers get from this competition is another subsidy, although one we pay as consumers rather than as taxpayers. I wondered how much it amounts to every year.

When these witnesses had been heard, it was pretty clear that some way would have to be found to reduce production of cotton, corn, wheat, rice, and one or two other things. The only question was how.

On this, the witnesses representing the farm organizations had a good deal to say. The American Farm Bureau Federation wanted to give the Secretary of Agriculture some discretion in setting the levels at which prices were to be supported; flexible levels, the Federation said, would enable us to move to a position where prices would be established in a free market. I could see, however, that not all of the Farm Bureau people were equally enthusiastic about this policy. The cotton producers favored high price supports. It was the corn-hog farmers of the Midwest and cattlemen from all over who were most in favor of letting prices fall to their natural levels. The National Farmers Union, which I was told has its greatest strength in the Wheat Belt, where surpluses are large, favored high, inflexible support prices as well as many measures to improve the position of the low-production farms. The National Grange took a middle position.

Those who favored relatively low, flexible support prices meant to encourage the less efficient farmers to turn to something else.



That was their way of meeting the long-term problem of over-production. Those who favored high, fixed supports wanted to use acreage limitations to reduce production. They believed that although the volume of production should be decreased, the number of farmers should not be.

I was especially interested in the testimony of some dirt farmers. One of them, a ruddy-faced, heavy-set man named Bolus, said he operated a 160-acre general farm with the help of his 17-year-old son. He was opposed to any subsidies at all.

“Turn the farmer loose,” he said in a booming voice. “Turn him loose. That’s all I ask. I don’t want a nickel of anybody’s money if I don’t earn it. All I want is to be let alone. As it stands now, I can’t plant a few acres of wheat to feed my chickens without breaking the law and paying a fine.

“That’s not right. A man ought to be able to do what he wants with his property. He has put his labor into it, hasn’t he? Then it’s his. That’s what property means: you can do what you want with what’s yours.”

I could see that Chairman Moss approved of Bolus.

“Mr. Bolus,” he said, “I want to thank you for coming here and giving us that fine statement. It shows a spirit we all admire. I think I ought to point out to you, however, that if Congress takes your advice, you are likely to lose your shirt. Not only you, but millions of others too.”

Bolus looked at the floor and shook his head.

“Sink or swim,” he said finally. “Some won’t make it. Others will. We’re in pretty good shape, my boy and I, and we don’t mind hard



work. I believe we can make it. If we can't, we can always sell out and find something else to do."

"You're probably right," Moss said. "People like you generally come out on top. But the Committee has to think about the others. We have to think about the whole nation. And in my judgment, if we took your advice we'd plunge the nation into the biggest depression ever. Consider the unemployment problem. If farm purchasing power dropped, unemployment would spread like wildfire."

A second farmer—this one in a neat pin-stripe suit—told the Committee that he believed it would be possible to do away with all subsidies without causing any drop in farm income. Under his plan, he said, farm income might even increase.

"The whole trouble is," he said, "that farmers can't get together to restrict production when prices are low. Other manufacturers do. If there's a glut on the market, they close down until the market has recovered. But not the farmers. They keep right on producing no matter how low prices go. In fact, when prices go down they produce more, trying to bring their incomes up. All we need in this country is an organization through which the farmers can cut down production when necessary. Naturally, all of the farmers would have to be in the organization or it wouldn't work. So of course the government would have to do the organizing, set the quotas, and enforce them. But not a penny of subsidy would be needed. With production cut down far enough, prices would rise sufficiently to give the farmer a good living."

Chairman Moss shook his head.

"It won't work," he said. "Take my word for it. It won't work. In

order to force prices high enough to give the farmer a decent living, you'd have to give such small acreage allotments that most farmers wouldn't be able to produce anything at all. Farmers wouldn't stand for that much regulation anyway. Where is Mr. Bolus? I'd like to ask him his views on that plan."

Bolus, it turned out, had already left. Apparently he was in a hurry to get back to his farm.

A third farmer favored letting prices find their own level in the market and having the government make direct annual payments to farmers to bring their incomes up to a fair level.

The advantage of letting prices be fixed in the market, he said, was that farmers would then produce things that are most wanted by consumers. Income payments, he said, should be in proportion to the value of each farmer's production and they should be sufficient to give him as much income as he would have under a system of high support prices.

Chairman Moss was critical of this proposal too.

"We've been all over that before," he said. "All but one of the farm organizations are opposed to direct payments. They say it makes the farmer look like a pauper and that the costs of a direct-payment program would be prohibitive because all farm commodities would jump on that bandwagon. I think that the farm organizations are also afraid that direct payments will be more vulnerable

to political opposition than price supports are. They're afraid the labor unions will oppose them if they come in here asking for billions of dollars for direct payments to several hundred thousand farmers. Probably they're right."

The Committee member sitting next to me spoke up.

"I'm against that proposal too," he said, "but for a different reason. I believe it would only perpetuate a bad situation. It would encourage people to stay in agriculture when they ought to get out.

"We can't go on like this. The cost of these programs is just more than the country can stand. And they aren't working. That's the

thing. They aren't bringing us any closer to the end of the road. I believe the problem is mostly one of timing. Millions of people have got to leave the land. There's no painless way to bring this about. Let's not fool ourselves. If we try to make it painless by giving subsidies, we'll only encourage people to stay in agriculture. To get them out of it, we've got to make staying painful. We don't have to make it quite as painful as Mr. Bolus would like. At least not all at once. But we do have to make it painful.

"I propose a declaration of national policy to the effect that 10 years from now the farmer is going to be on his own. I propose making each year's farm program a step toward that goal. Let prices fall to market levels and then supplement the farmer's income with direct payments. But let it be known in advance that the payments are going to taper off and that after 10 years there won't be any at all. That'll give the farmer a chance to make the adjustments that have to be made."

There was a silence. Then a Congressman at the other end of the table whose name I didn't know addressd the Chairman.

"Mr. Chairman," he said in a toneless voice, "that proposal has great merit. It might not be painless to the farmer, but it would be painless to us, or as nearly so as any plan we're likely to find. Nobody will object to a declaration of policy, and this year's reduction in the subsidies won't have to be very great. The next session of Congress will throw that plan out of the window, of course. We can't bind future Congresses. But meanwhile, it will get us off the hook. Mine's a farm district and, frankly, I was looking for a statesmanlike plan like that."

The Committee members smiled and a reporter laughed out loud. The Congressman who had been speaking wasn't smiling, however. His face was perfectly straight and I had the feeling he didn't mean to be funny.

Chairman Moss rapped his gavel.

"Anyone else?" he asked.

The hearings hadn't been over very long when I got a letter from the Men's Club inviting me to address their Tuesday luncheon on

the subject of the farm problem. The letter said the members hoped that I would tell them exactly where I stood on that important matter. It was signed in a bold hand, probably, I thought, by the stern-faced man who had first questioned me on the farm bill.

The time had come for me to make up my mind. I couldn't hem and haw again and I didn't mean to try. My constituents had a right to some frank answers. But what was I going to say?

If *you* were the Congressman,
what would YOU say?





CASE-STORY NO. 9

THE FARM PROBLEM

