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For December 15 Papers :

THE FARMERS' JOB IN STRENGTHENING DEMOCRACY

Speech delivered by C. B. Baldwin, Farm Security Administrator,
at the annual stockholders' meeting of Farmers Union cooperatives at
St. Paul, Minnesota, December 14, 1940.

What I like about the Farmers Union is its vitality; your members act as well as think. That's why we're here today — because the Farmers Union has not been content to sit back and whine about hard times besetting the farmers. You people have gone out and done something about the farmer's problems; and before I remind you of some of the things that you and the rest of us still have to do, I want to congratulate you on the start you already have made.

To me the most significant thing about your work, next to the fact that you have acted so vigorously, is that you have acted so wisely. The Farmers Union has chosen the truly American way of achieving security, the best way in which free individuals can ultimately find their way out of their difficulties — cooperation. In cooperation you have laid a foundation for lasting progress, and have gone a long way toward providing for the continued independence of the typically American family-type farmer in this part of the country.

I understand that this is the fourteenth time that the stockholders of the Farmers Union 's three big cooperatives have come together in their annual session. That means that right through the greatest depression in world history you have been coming together in the interest of the farmers of the north central states, to consider and expand your plans for action.

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For a moment I want to talk about some of the problems which our farmers -- in spite of the efforts of farm organizations and a farmer-minded Government in Washington -- are still facing. These are problems whose roots run back not one decade, but two or three or four. These are problems whose solutions will draw heavily upon the ingenuity of farm groups like yourselves.

The pressure of population upon our farm land is, I believe, the most important problem of American agriculture today. Thousands upon thousands of farm families who are not needed to produce food and fiber for today's commercial markets, are struggling to make a living out of American soil. Thousands upon thousands are straddled on worn-out land where they cannot make a decent living, and most of them have no more promising place to which they can move. And even those who are making out on the land are finding it more and more difficult to sell their products, as the markets of a war-torn world become smaller and smaller.

It was natural back in the 'Twenties for large proportions of our farm population to move into the cities. The higher farm birth rate was largely offset by the heavy migration from farms to areas of industrial opportunity, and the farm population remained relatively stable. But, as you all know, in the 'Thirties there were few industrial opportunities. Between 1930 and 1940 about 6,000,000 farm people who under the "normal" conditions of the 'Twenties would have moved into urban areas had to stay on the land and try to make a living by producing for markets which were already dwindling.

This is no local problem isolated in certain areas. It is visible in every part of our agricultural economy. It has made itself felt in terms of human suffering and human misery, in terms of foreclosures and penny auctions and rural relief lines, in terms of landless migrant families moving down the Nation's highways looking for a chance to earn something to eat.

Moreover, this population pressure was beginning to make itself felt even before the depression. For example, back in my home state of Virginia it is estimated that as early as 1930 only four out of every ten farm boys were needed to keep the number of Virginia farm operators at a stationary level. The other six -- well, they either went to the cities, or else hung around and looked for part-time work, often getting it by sharing in the too small income of the father's small farm.

Now, the four lucky Virginia farm boys who took over jobs as full farm operators, replacing the outgoing generation, found that the competition for their markets was growing increasingly stiff. A Virginia farmer in 1930 was producing two and a half times as much as his grandfather 75 years before; and one-fourth more than he could have produced 20 years before. It is a fact -- although it sounds unbelievable -- that there were 30,000 fewer farm workers in Virginia in 1930 than in 1920, and yet the State's farmers were producing more farm products for the commercial markets than before.

This sort of thing has been true all over the country -- here in this great farm section as well as back in Virginia. It is one of the big reasons why the Farm Security Administration, which the Farmers Union has supported so consistently, has been assisting hundreds of thousands of needy farm families in its program of rehabilitation.

Let us look at the farm picture today -- the national farm picture -- to see what lines have been drawn by these disturbing forces. Let us remember that this picture, for all its disharmonies, is infinitely better as a result of the national farm program of the last eight years than it would otherwise have been. Many powerful and disturbing forces, however, are still working against the American farmer.

We see large-scale commercial farms springing up all over the countryside — pushing little farmers off the land, capturing the markets, hiring as farm laborers many good men who used to operate their own farms. We see city people renting farm land from those who have come into ownership through foreclosure, operating these farms by remote control through hired labor with their primary interest in mining the soil for the highest immediate income, without any regard for the future of either the land or those who work it. We see great areas of land already badly eroded, as a result of the frantic struggles of small farmers to make a living from the soil in the face of this competition from the big mechanized farms. We see tenants without farms; owners with farms so heavily mortgaged that they can hardly call them their own.

I do not mean to paint too dark a picture; but remember, I am not doing the painting. The picture is already there. Yet it has its brighter side. Think what it might have been if the United States Government guided and prompted by vigorous farm organizations like your own, had not acted. Actually, this Nation has already taken tremendous steps forward in tackling this tremendous problem.

The Farmers Union has joined other liberal forces in supporting legislation which has hit hard at many of the forces creating rural insecurity. First of all, of course, the Farmers Union has fought for parity income for the farmers. As the result of AAA and related Government programs, within the past seven years the income of farmers has increased tremendously. The unbalance between the prices of things the farmer sells and things the farmer buys has been partially corrected. The farmer in general is getting closer to what he deserves for his hard work. With the aid of the agricultural adjustment program he is adjusting his production more closely to immediate and future needs, and he is protecting himself against the disastrously low prices from which he suffered before his voice was heard in the legislative and executive halls of Washington.

The Farmers Union has supported conservation payments which make it possible for farmers to take care of the Nation's most precious heritage -- its soil. The Farmers Union has been the leading voice in the fight for crop insurance. Before many other groups of people even understood the importance and possibilities of disposing surplus farm commodities among the Nation's needy, the Farmers Union was vigorously backing legislation to accomplish this very thing.

Not only has the Farmers Union fought for these things for all farmers, but it has lined up solidly with labor, in labor's struggles for a fair deal in the industrial world. We have had the encouraging spectacle of enlightened farmers speaking up for equitable treatment for the workers in the cities, and of enlightened labor groups fighting the farmer's battles for a larger share of the Nation's income. Both groups have joined in America's effort to rid itself of monopoly, and to place reasonable controls upon those powerful groups which by their very preponderance of power have overbalanced our economy against the interests of the little fellow -- farmer, laborer, and businessman -- who struggles to keep his head above water.

The Farmers Union has also been in the forefront of the fight for security for the low-income farmers of this Nation. The program of the Farm Security Administration has had no better or more vigorous supporter than this group of farmers whose three great cooperative organizations are meeting here today. As a result of the efforts of liberal farm groups and many tireless workers in Congress, our Nation finally has turned its attention to the problems of the small farmer -- the backbone of rural America.

Two bills now pending in Congress, which have been endorsed by your organization, would do much to give security to the small farmers of this country. One of these is the Farm Debt Adjustment bill introduced by Senators Wheeler, Bankhead, and

LaFollette in the Senate, and by Congressman Marvin Jones in the House. In spite of misleading statements to the contrary, these members of Congress, who have long fought the battles for the farmers of the Nation, were merely joining together in the support of legislation to develop a sounder and more truly cooperative system of farm credit. I know when I look at this group that this fight will go on.

Another bill to which you have given wholehearted support is the Lee-Jones Bill, introduced by Senator Josh Lee of Oklahoma in the Senate and by Congressman Marvin Jones of Texas in the House. This bill would bring farm ownership to thousands of tenant farmers who today work somebody else's land, live in somebody else's house, and literally trade their lives for a small slice of the American security we hear so much about.

A few minutes ago I outlined some of the big problems we face in American agriculture today and mentioned some of the things the Government, with the aid of liberal farm groups, has done in the last seven years to solve them. Before going on to speak about what Farm Security is doing, let me summarize these problems once again. It is important that we keep them firmly in mind.

The first is population pressure -- rural birth rates twice as high as necessary for maintaining the population; rural areas with vast numbers of unemployed who cannot follow what used to be the beaten path to the cities. The grass has not, as once was predicted, grown up in the streets of our cities -- it has grown up on the roads into town.

Shrinking markets for farm products is the second force. The average annual volume of American exports of grain and grain products for the years 1935-37 was only 11 percent of what it had been before the depression. The average annual exports of all agricultural products in the 1935-37 period were less than one-half of what they had been in 1925-29. Other countries, faced with war and the need for economic self-sufficiency, turned frantically to producing their own war needs,

traded only with their allies or dependencies. And this situation is getting worse. Exports of grain and grain products in August of this year were down 26 percent from what they were in August 1939.

Internally, too, America's markets for farm products are not what they should be. Even with the Food Stamp plan now bringing food to thousands who never before had an adequate diet, there are still other thousands who urgently need more of our food and fiber products. We are acutely conscious that we have not yet solved the vast problem of distributing all the bounties of Nature which God has given us.

Then there is mechanization, the third great force -- the multiplication of labor-displacing devices, the growth of large-scale farming, the increase of pressure upon the small farmer. When you couple this fact with the expansion of our rural population, you are likely to find generally what we in Farm Security found to exist in the Corn Belt last spring. In the states of Iowa, Illinois, Missouri, Indiana and Ohio -- and I remind you that this is usually considered one of America's most prosperous and stable farming areas -- in this region we found that 2,336 rehabilitation borrowers, families which had obtained FSA loans and operated farms in 1939, were unable to rent land for the 1940 season. Another 6,246 applicants who were eligible for FSA loans had to be refused help, because they were unable to find farms to rent. An additional 16,120 tenants, who were not eligible for FSA help, reported that they could find no land. In other words, 24,702 farm families in these five states alone were unable to find a place for themselves on the land -- about 2 percent of the total farm families in the area. Here mechanization and the merging of small farms into big ones have been extremely rapid in the past 10 years.

While we're talking about the Corn Belt, I'll use that region to illustrate the fourth great force working against the American farmer — soil erosion. Did you know that over-working the land and neglect of conservation practices already has ruined or damaged an areas as large as six of our big farm states? Every day enough soil to make 200 forty-acre farms still is washing or blowing away.

These four forces — population pressure, shrunken markets, mechanization, loss of good soil — have produced an army of distressed and disadvantaged farmers in this Nation. It is these people whom the Farm Security Administration is trying to help.

The Farm Security Administration makes small operating loans, known as rehabilitation loans, to farm families who badly need help, but are unable to get credit from any other source. The loan is not the most important element in rehabilitation. A man cannot stand up against the forces I have mentioned simply by buying a new plow to replace the broken one.

Each rehabilitation loan is coupled with sympathetic, commonsense guidance in how to get the most out of a farm and how to use the land mose wisely. This guidance is not simply technical information — although it includes much of that. It is also advice on the adjustments which are necessary to enable the small American farmer to meet the changing conditions of these swift-moving times.

All FSA rehabilitation borrowers are "live-at-home" families. They produce nearly everything they need in the way of food for the table and feed for their livestock.

Now, there is nothing temporary about this kind of assistance. Rehabilitation borrowers are helped to plan their farm program for several years in advance — helped to use their resources in new ways, helped to use their time better, and their equipment to great advantage. Occasionally direct grants are made when

families are without money and in immediate need -- but these grants are not hand-outs. American farmers do not want hand-outs. In return for these emergency grants, which usually run about \$20 per month, the farm family agrees to do something useful around the farm -- dig a new well, build a new privy, put in screens, construct a food cellar, repair the barn, terrace the hilly farm land. These are permanent improvements, which will yield benefits long after the grant is spent.

Our interest is in helping the rehabilitation borrower to compete more successfully in the market. He generally lives more securely because he has tapped new sources of farm income. By making his farm pay better, he has substantially increased his purchasing power. Last year FSA borrowers all over the country increased their incomes -- and this does not include any money they received as loans -- by 43 percent, or nearly \$60,000,000. Where did that money go? To the cities, the mills, the factories, the workers of our Nation -- new purchasing power which was not there before.

Moreover, FSA rehabilitation borrowers last year increased their net worth-- the value of all their belongings, minus their debts, including their obligations to the Government -- by nearly \$83,000,000. And these were families, mind you, which were not able to get loans from private sources -- they were considered poor credit risks who had nowhere else to turn for help.

A vital part in FSA's rehabilitation program is played by cooperatives. From the very beginning, we have stressed cooperatives as an effective, traditionally American way of making permanent gains. Of course, I can't tell you Farmers Union cooperators anything about that subject. You have worked for years through cooperatives to reduce costs, increase returns, and protect the farmer against selfish private interests which have threatened his security. Nor do I have to

tell how FSA has been helped by the Farmers Union cooperatives in its work of rehabilitating farm families out here in the Great Plains. The story of what your organizations have done for our borrowers is well known.

Up to June 30, 1940, we had made a total of 9,269 small loans to farm families in this north central area to enable them to participate in the Farmers Union Grain Terminal Association. The services of the F.U.G.T.A. would not have been available to these families if they had not received these loans; nor could they have gone so far toward their own rehabilitation without the advantages which these services gave them.

In addition, FSA has made more than 12,440 loans to farmers in this area to enable them to join 122 local grain elevator associations affiliated with the F.U.G.T.A. Altogether, these loans for participation in the elevator associations and the central grain terminal totalled more than a million and a half dollars. Farm Security believes that this represents a very sound investment. The Farmers Union co-ops are doing a fine job for their members; and besides, the members believe in paying back their obligations on time -- we have had very little worry about the repayment of these loans.

While I'm on the subject of Farmers Union cooperatives, I'd like to say a few words about some of your leaders. I don't think you'll find a better set of co-op managers in this entire country than you have right here in Bill Thatcher and Charlie Egly and E. A. Syftestad; and you won't find any farm journal editors who know more about cooperatives and their place in American agriculture than A. W. Ricker. As I said in the beginning, what I like about the Farmers Union is that it acts as well as thinks. Well, that's certainly true of your leaders. They are no arm-chair cooperators. They fought for this movement through many years of ups and downs. They know their business. At the same time, they have helped to keep

Farmers Union co-ops operating as thoroughly democratic institutions, and as such their usefulness will continue to grow.

Making loans to farmers for participation in existing cooperatives is only a part of FSA's interest in cooperation, however. We have made loans to nearly 270,000 low-income farmers to enable them to form 16,000 small co-ops through which they purchase services and equipment. These small co-ops have brought many things to farmers that they never could have afforded as individuals -- combines, tractors, pure-bred sires, veterinary services, rakes, mowers, trucks, plows, and binders. As a result, the small farmer has been better able to compete with the big mechanized farmer, to cut costs, get more services and equipment, use his time and resources better -- and, incidentally, learn better than ever the lessons of neighborliness and good will.

Although tenancy is not as heavy in your region as in some other parts of the country, you are doubtless familiar with another phase of FSA's program -- loans to worthy tenants to enable them to buy family-type farms of their own. Bill Thatcher served on the President's Committee on Farm Tenancy, which recommended the legislation setting up this part of FSA's program.

Under this tenant purchase program, we are making a slow start toward re-establishing the family-type farm in many areas where adverse forces have almost wiped it out. We are making long-term loans at 3 percent interest to competent farm families -- usually young families with the future ahead of them -- and we are trying to give them all of the technical skill and guidance at our command.

The Farm Security Administration has carried on many other activities with which you are probably already familiar, and for which your representatives have fought for many years. Local farm debt adjustment committees constitute an important arm of FSA's program. They have helped 130,000 farmers all over the

country to scale down their debts by nearly \$95,000,000. In the four states of Wisconsin, Minnesota, North Dakota, and Montana -- from where most of you come-- more than 9,000 farmers have adjusted their debts downward by nearly \$12,000,000 with the help of these voluntary debt adjustment committees.

FSA has brought direct relief to farmers in times of emergency, such as drought and flood. Those of you from North Dakota know well that FSA grants have played a large part in pulling your farmers through the disastrous droughts of 1934 and 1936. In another phase of FSA's work, a program of special loans has been developed for small farmers in arid states, to enable them to build water facilities for irrigation and livestock.

In still another field, Farm Security has helped 70,000 of its borrowers to set up low-cost medical care associations in collaboration with local physicians -- cooperative associations in which each family's annual fee is pooled with that of many others. Participating families get medical care from their regular family doctors; while the doctors are paid by the associations from the money which the families pool together. This is inexpensive, effective health insurance for low-income farm families, and it is helpful to rural doctors, too.

Another of FSA's efforts to help needy farmers is the migrant camp program, which provides shelter and sanitary facilities for the thousands of landless families -- many of them from your own region -- who have been forced onto the Nation's highways in search of work as field laborers. The plight of these people illustrates better than anything I could say the way in which adverse forces have been battering at our agricultural security for 20 years. Among the hundreds of thousands of landless migrants are former owners, former tenants, former sharecroppers -- good Americans tracted off their land, foreclosed, bankrupted, or ruined by soil erosion. Farm Security is helping them today as migrant field workers, and is trying to get many of them back permanently on the

land. At the same time, FSA is pushing all the phases of its program which help to anchor other low-income farm families on the land where they are today -- America's vast army of potential migrants who must find security at home.

You know and I know that the great crusade for prosperity for every farmer, big or little, has just begun. Farm Security is only one of the constructive programs which the American people have set up to combat the destructive forces of insecurity. Our progress will depend upon how strongly and how tirelessly we push ahead on a number of important fronts -- how strongly and tirelessly liberal farm groups like your own will support a broad program which recognizes the fundamental problems with which we are faced. I say to you people -- many of whom are but one generation removed from the pioneers who wrote the history of the northwest frontier-- that we have a job of pioneering to do in the new social frontier which faces our people today. We must continue to act as well as think.

There are other things American agriculture needs to accomplish to get at the roots of the farmer's difficulties. I am not going to discuss parity income for farmers in any detail, because I believe that parity income has gone beyond the planning stage. Everybody -- the farmer, the laborer, the employer, the economist, the banker -- knows that farmers will have to get an equitable share of the national income, or our American economy will collapse. The goal of parity income is taken for granted in Washington today -- our task is to encourage more discussion about some other basic maladjustments which are causing all sorts of economic and social disparities for large groups of our farm population.

Here are some things which I believe must be pushed forward by American agriculture. I ask that you think of them in terms of the four basic adverse forces -- population pressure, shrunken markets, mechanization, loss of good soil -- that I mentioned earlier.

First of all, consideration should be given to continued expansion of the rehabilitation program to reach down even deeper among low-income farm families, and help them achieve security on the land. This means greater emphasis on the live-at-home program, diversification, conservation, and wise farm planning.

Widespread development of farmers cooperatives, including Federal legislation to make it easier for low-income farmers to participate in cooperative activities also deserves serious study. I believe that the Government should come to the aid of farmers cooperatives just as it came to the aid of the Nation's soil, because I believe our human resources are certainly as important as our physical assets.

We badly need the development of a widespread health program, in cooperation with State and local authorities, to reach particularly into the poorer farm areas of our Nation. The problem of poor health on American farms is one of the most serious concerns of this generation. Health conditions in some poor rural areas are almost unbelievably bad -- conditions which should make us Americans turn our heads in shame. Last year we in FSA made a detailed health survey of 100 low-income farm families in two typical Southern counties, and here is what we found. We discovered that among the diseases from which the 575 persons in these families were suffering, there were 132 cases of rickets among children; 31 cases of suspected tuberculosis; 14 cases of pellagra; 288 cases of diseased tonsils; 360 individuals with defective teeth; and 124 with defective visions.

At present we are conducting similar surveys in many other states; and the health conditions which they are disclosing are very much the same. This Nation simply cannot afford to let such conditions continue.

As we are straining every nerve to strengthen our national defenses, we are becoming acutely conscious that our Nation's health, the tap root of its

vital manpower, is not what it should be. Army medical officers have been finding nearly one out of every three volunteers unfit for military service. Moreover — and this is tremendously significant — the largest proportion of volunteers comes from the rural areas — from the areas of high birth rates, limited opportunity, and poor health. Malnutrition, pellagra, hookworm, rickets, tuberculosis — these are preventable, but dangerous, threats to our national safety. Such diseases must be wiped out if the American farmer is ever to move forward, and if this Nation is to maintain the strength which will be required to carry it through the present crisis.

Ownership should be extended to a much greater number of tenants through expansion of the Bankhead-Jones Tenant Purchase program. Even with the limited number of loans we are making to enable tenants to become owners today, farm ownership in America is still losing ground. If we believe in ownership and the family-type farm as fundamental elements of our agricultural economy, we must take further steps — immediate steps — to check the trend toward displacement of farm owners.

We should consider ways of liberalizing our system of agricultural credit to make it easier for farmers to get adequate financing at lower interest rates. Without Government aid, the farmer cannot get this credit. With Government aid, the farmer stands a chance to get out of debt and stay out. Now, the Government can get money cheaply. It would appear sound to relate the cost of money to the Government more closely to the cost of money to the farmer. I might add that thought should be given to revision of our debt adjustment mechanism, to aid farmers in scaling down debts which they have no reasonable prospect of repaying, because they were incurred when farm prices were high.

New ways must be found to increase consumption of farm products by low-income city families. The food stamp plan is one of the most important contributions to the general welfare that has been made in recent years. Consideration should be given the extension of the stamp plan to cover other commodities, and to meet the needs of more people. As the food stamp administrator, Milo Perkins once said that since American farmers have come to produce two blades of grass where one grew before, we have to worry about whether the extra blade is human misery. One way to make it add to human happiness is to distribute it to those who need it, and pay the farmer for his job of producing it. Someday, if we keep moving ahead, the low-income city dweller should be able to pay for it by himself, and the Government will not have to subsidize the welfare of human beings for whom our system is not now providing.

The last point I want to suggest is that we study thoroughly the possibilities offered by the inauguration, at the proper time, of a public works program in overcrowded rural areas. Here is a place where idle men and idle money could be put to work for more than a decade -- rebuilding the forests, controlling floods, restoring eroded land. Here, too, is America's opportunity to do something about rural housing, one of the most serious problems facing farm people today. Thousands of American farmers live in homes which are little better than shacks -- tumble-down, unpainted, insanitary, crowded dwellings in which disease and discomfort and discouragement are almost inevitable.

Every penny spent in a works program to meet ^{these} rural problems would be a wise investment in both capital assets and human welfare. Every penny so invested would yield big dividends in better land, richer forests, and a happier and stronger people.

These are merely some of the things we should be thinking about. You and other liberal groups of farmers who believe in constructive thought and constructive action should determine whether or not they should be parts of a program to give greater meaning and strength to our democracy. These things are merely extensions of what the Government is already doing in some way. They are not original with me. Each of the thoughts has already been expressed by farm leaders who want to make the American farm a better and more secure place on which to live.

These programs call for cooperative action by farmers and the Government. They call for expenditures of federal funds, some of which might necessarily be advanced in what is loosely called subsidy. Subsidy is not new in the American scheme of things -- this whole country was developed by subsidy in one form or another. It was probably necessary as a part of the expansion of our economy.

I think that we need to develop a new conception of "subsidy" for things in which the Government should invest its funds. If such expenditures are made in such a way as to become a drag on our whole economy, they might result in tragedy for us all. But if they are made in such a way as to protect our present wealth and to create increased wealth for future generations, I can see little argument why they should not go on. I think we should apply these simple tests to any program which involves expenditure of government money: will this expenditure serve to produce new wealth in years to come; will it protect our soil and other natural resources; will it result in greater happiness and contentment for our people; and, last and most important of all, will it strengthen our democracy?

America can afford to help its farmers reach a level of security and prosperity simply because it cannot afford not to. Today, when a world crisis compels us to reexamine our situation, we are acutely conscious that we have a long way to go to make democracy mean what it should to millions of Americans, on farms and in towns and cities. Our job is to work toward that goal without giving up one vestige of our real democracy in the process.

America must learn the lesson of the Farmers Union: -- it takes two-fisted democrats -- with a small "d" -- to make democracy work.