

ORVILLE LOTHROP FREEMAN

Addresses, Statements, etc. 1963

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THE HISTORY OF THE

REIGN OF KING CHARLES THE FIRST

CHAPTER I

THE first of King Charles the First was born at Windsor the first of February the year of our Lord one thousand six hundred and twenty six

His father King James the Sixth and First of Scotland was then King of Great Britain and Ireland and his mother was Queen Elizabeth the First of Scotland

He was educated in the University of Edinburgh and afterwards in the University of Oxford where he took his degree of Bachelor of Arts

At the age of sixteen he was sent to France to be educated in the French language and manners and he remained there for three years

When he returned to England he was created Duke of York and Albany and was married to Princess Mary the Second of Scotland

He succeeded to the throne of Great Britain and Ireland in the year one thousand six hundred and twenty five when his father King James the Sixth and First died

At the beginning of his reign he was troubled with a dangerous illness which he recovered from by the assistance of his physicians

He was crowned King of Great Britain and Ireland at Westminster the ninth of April the year one thousand six hundred and twenty six

His first business was to settle the government of the Kingdom of Scotland and to bring about a union between the two Kingdoms

He succeeded in this by the Treaty of Union which was concluded the sixth of July the year one thousand six hundred and twenty six

He then turned his thoughts to the improvement of the Kingdom of England and to the settling of the laws and constitution

He was distinguished by his wisdom and justice and by his love of the people and his desire to improve their condition

He was also distinguished by his piety and his devotion to the service of God and his duty to his people

He died at Whitehall the third of February the year one thousand six hundred and forty nine and was buried in Westminster Abbey

His reign was one of the most glorious and happy in the history of Great Britain and Ireland

- 4/2/63 Exerpts from remarks...Spring Conference, National Federation of Grain cooperatives. Mayflower Hotel, Washington, D. C. USDA 1080-63.
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- 4/10/63 Decatur Combined Clubs and Farmers, Decatur, Alabama. USDA 1167-63.
- 4/26/63 Statement...before the House Committee on Agriculture.
- 4/29/63 Today's challenge to cooperatives. Conference on Cooperatives and the Future. Washington, D. C. USDA 1392-63.
- 5/2/63 California and the nation. University of California Conference on "California Agriculture-the Challenge of Growth". Davis, California. USDA 1434-63.
- 5/6/63 Address at National Conference on Outdoor Recreation Research, University of Michigan, Ann Arbor, Mich. USDA 1461-63.
- 5/10/63 Statement...AID Administrator Bell, and Presidential Assistant Reuter on arrival at Quito, Ecuador. USDA 1548-63.
- 5/15/63 Statement...on S.580, The National Improvement Act Submitted to the Subcommittee on Education, Committee on Labor & Public Welfare, United States Senate.
- 5/19/63 Address at the Norwegian-American 17th of May Observance in New York City, N. Y. USDA 1655-63.
- 5/20/63 Address at June Dairy Month luncheon, National Dairy Council, Sherry-Netherland Hotel, New York City, N. Y. USDA 1646-63.
- 6/5/63 A Challenge to use all abundance to create abundance for all. World Food Congress, Washington, D. C. USDA 1800-63.
- 6/14/63 The Conscience of our Democracy. University of Minnesota Law School recognition exercises, Northrup Memorial Auditorium, Minneapolis, Minn.
- 6/14/63 Izaak Walton League, Annual Convention, Sheraton-Gibson Hotel, Cincinnati, Ohio. USDA 1968-63.
- 6/18/63 World Food Congress. 12th and final plenary meeting of the Congress, Washington, D. C.
- 6/26/63 (3)Statement...At Press Conference.

- 7/13/63 Department statement...Departs for Soviet and East European Study Tour. USDA 2346-63.
- 7/14/63 Landing Statement-USSR(Moscow).
- 7/31/63 Landing Statement-Warsaw, Poland.
- 8/3/63 Landing Statement-Bucharest, Rumania.
- 8/5/63 Landing Statement-Sofia, Bulgaria.
- 8/8/63 Landing Statement-Belgrade, Yugoslavia.
- 9/4/63 Statement...on study of Agricultural Protectionism. USDA 2961-63.
- 9/8/63 Address at the Minnesota State Plowing Contest, Mankato, Minn. at 2 P.M. USDA 2996-63.
- 9/8/63 Address - "Report and Review" farmer meeting, Worthington Junior High School, Worthington, Minn., 7:30 P.M. USDA 3003-63.
- 9/9/63 Address before the annual convention of the International Association of Game, Fish, and Conservation Commissioners, Minneapolis, Minn. USDA 2998-63.
- 9/17/63 Address...at the White House Conference on Export Expansion, Mayflower Hotel, Washington, D. C. USDA 3120-63.
- 9/18/63 Address...at the Rural Report and Review Meeting, Fairgrounds Youth Bldg., Monticello, Iowa. USDA 3132-63.
- 9/18/63 Address...at the Rural Report and Review Meeting, Memorial Hall, Salina, Kansas. USDA 3130-63.
- 9/21/63 Address...at the National Plowing Contest, Vandalia, Ill. USDA 3153-63.
- 9/21/63 Address...at the Rural Report and Review Meeting, High School Auditorium, Hannibal, Mo. USDA 3187-63.
- 9/24/63 Remarks...introducing President John F. Kennedy at dedication of Pinchot Institute for Conservation Studies, Milford, Pa. USDA 3208-63.
- 9/25/63 The job ahead
Address...at closing session of Land and People Conference, Northern Great Lakes Region, at the Hotel Duluth, Duluth, Minn. USDA 3201-63.

- 9/30/63 Speech prepared for delivery...at the Food for Peace Council meeting, in The International Conference Room, State Department, Washington, D. C. USDA 3267-63.
- 10/1/63 Remarks prepared for delivery...at the "Report and Review" conference, Onondaga War Memorial Bldg. Syracuse, N. Y. USDA 3283-1963.
- 10/1/63 Remarks prepared for delivery...at the "Report and Review" conference, Zembo Mosque Temple, Harrisburg, Pa. USDA 3284-63.
- 10/7/63 Address...at the Agricultural Breakfast, Annual Convention, American Bankers Ass't. Presidential Ballroom, Statler-Hilton Hotel, Washington, D. C. USDA 3333-63.
- 10/9/63 Remarks prepared for delivery...at the "Report and Review" conference, North Platte, Nebr. USDA 3367-63.
- 10/9/63 Remarks prepared for delivery...at the 1963 Nebraska ASCS Workshop, Capitol Theatre, Grand Island, Nebr. USDA 3374-63.
- 10/9/63 Remarks prepared for delivery...at the "Report and Review" conference, Great Falls, Mont. USDA 3368-63.
- 10/10/63 Remarks prepared for delivery...at the "Report and Review" conference, Walla Walla, Wash. USDA 3373-63.
- 10/11/63 Address...at the 35th National Future Farmers of American Convention, Municipal Auditorium, Kansas City, Mo. USDA 3383-63.
- 10/22/63 Address...at the Report and Review meeting, High School Auditorium, Columbus Grove, Ohio. USDA 3444-63.
- 10/23/63 American Marketing Association Washington Chapter dinner honoring 50 "Pioneers in Agricultural Marketing" at the National Press Club, Washington, D. C. USDA 3549-63.
- 10/22/63 Remarks...supplementing his address at the Report and Review meeting, High School Auditorium, Columbus Grove, Ohio. USDA 3542-63.
- 11/4/63 Address prepared for delivery...at the Texas County Agricultural Agents Association annual meeting, Hirschi High School, Wichita Falls, Texas. Sec. Freeman was unable to attend this meeting and it was scheduled to be delivered for him by Lloyd H. Davis, Administrator of the Federal Extension Service. USDA 3674-63.

- 11/4/63 Address...at the Report and Review meeting, Municipal Auditorium, Lubbock, Texas. USDA 3677-63.
- 11/7/63 The role of our abundance in assisting developing nations. Ohio Food for Peace Forum, West Ballroom, The Ohio Union 1739 N. High St. Columbus, Ohio, USDA 3735-63.
- 11/12/63 Address...at the 97th. Annual Session of the National Grange, Hotel Multnomah, Portland, Oregon. USDA 3790-63.
- 11/13/63 Address...at the annual convention of the North Carolina Farm Bureau Federation at the Jack Tar Hotel in Durham, N. C. USDA 3798-63.
- 11/15/63 Address...at concluding session of European-American Symposium on Agricultural Trade, Amsterdam, The Netherlands, RAI Exhibition Bldg. USDA 3778-63.
- 11/19/63 - Address...Conference of the Food and Agriculture Organization of the United Nations, Rome, Italy. USDA 3803-63.
- 11/20/63 World markets for american agriculture. 41st. Annual National Agricultural Outlook Conference, Jefferson Auditorium. U. S. Dept. of Agriculture. USDA 3923-63.
- 12/5/63 Remarks...St. Luke Evangelical Lutheran Church, Baltimore, Md. USDA 4132-63.
- 12/9/63 Oklahoma Farmers Union, Municipal Auditorium, Oklahoma City, Oklahoma. USDA 4154-63.
- 12/10/63 Farmers Union Grain Terminal Association, Annual Meeting, Minneapolis, Minn. USDA 4147-63.
- 12/14/63 Agricultural Development Council, Annual Awards luncheon, Asheville City Auditorium, Asheville, N. C. USDA 4247-63.
- 12/17/63 Management, Administrative improvements beginning to pay dividends. Wash., D. C. USDA 4263-63.
- 12/31/63 For A.M. Release Jan.2, New Year Message. USDA 4421-63.

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U. S. Department of Agriculture
Office of the Secretary

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I am here today a year late to fill your invitation to speak. It has been a year in which we have seen new developments of lasting and vital importance in the nation and the world...in agriculture and in your own organization.

To the extent that these developments are of great significance to all of us here, the year delay in my visit serves one good cause. In the short space of one year the relationship of these events, one to another, has become much clearer. I am very grateful, however, for your understanding of the reasons why I was unable to attend your annual meeting a year ago in San Francisco as evidenced by your kind invitation to be here now.

Today I want to talk about four separate events, three of which began to come strongly to public attention in 1962. Although these four events may appear to have very little in common at first glance, actually they are closely related.

One is the emergence in Western Europe of the Common Market -- potentially the third great world economic unit.

Another is the decision which wheat farmers will make this spring in a referendum -- a decision which will determine the future of the wheat economy in this country and profoundly affect all of agriculture.

Address by Secretary of Agriculture Orville L. Freeman at the annual meeting of the National Council of Farmer Cooperatives, Miami Beach, Florida, Noon (EST), January 8, 1963.

The third is the action by the Congress last year when it recognized that rural America has special and unique needs...needs which can only be partially met by commodity programs...and provided strong new tools to be used to revitalize rural America.

Finally...the last is the retirement of your executive vice president...and my friend, Homer Brinkley.

I am sure that many of you are as surprised as I am by the decision which Homer Brinkley has made. In the two years I have been privileged to know and work with him most closely, I have been impressed by the leadership he has given this great and diverse organization. But the talents which first built the American Rice Growers Cooperative Association have served him...and you well.

However, his decision to leave an active leadership role in the cooperative field marks a point of departure for this organization... a point where you will want to consider the role of cooperatives...the role of this organization...in the years ahead.

How will the Common Market affect cooperatives? What will be the effect of the wheat referendum on cooperatives...if it is approved... or if it is rejected? What new challenges do cooperatives face in the changing patterns of rural America?

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Now, I am not here to give you final answers to these questions... no one has all the answers. But I do want to try to show how these questions are related and to define some of the opportunities and problems in each of these areas for your thought, your consideration and your action as you look to the future.

Let's take the Common Market and the problems which are developing in world trade on farm commodities.

As marketing organizations representing many American citizens, farmer cooperatives have a vital stake in the work that is being done today to maintain and increase the level of our agricultural exports.

The United States today is the world's largest exporter of farm products. With only a small fraction of the world's farmers, we supply one-fifth of all the farm products that move in world trade.

Our wheat growers are exporting more than half of their annual crop. The same is true of our rice growers and dried pea growers. Producers of soybeans and tallow export two-fifths of their production. Producers of tobacco, hops, flaxseed and nonfat dry milk export a third of their production. Large segments of the output of cottonseed and soybean oils, feed grains, lard, poultry, variety meats, hides and skins, and fruits and vegetables also move overseas.

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This is big business, not only for the farmers of America but also for the millions of large and small enterprises involved in the financing, storing, processing, and transporting of agricultural products -- and that includes many of the cooperatives which make up this Council. Many people -- on farms, in small towns and big cities -- are dependent on a high volume of farm products moving in export markets. Last year, we exported over \$5 billion in commodities from the farm.

Clearly agricultural exports are of vital concern to farmers, the business community and to our entire domestic economy. Further, agricultural exports contribute significantly to our international balance of payments, one of our most critical economic problems. In 1962, our annual agricultural exports to Western Europe were approximately equal to the trade deficit we had in our over-all international balance of payments.

This deficit was incurred primarily to meet our security and assistance commitments in Western Europe and other areas. Any sizable cutback in the volume of our agricultural trade would seriously impair our ability to maintain these commitments.

Thus, the vital nature of our export trade in farm products causes us to be deeply concerned that protectionist tendencies are appearing today in the common agricultural policy of the European Common Market.

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Protective devices adopted or proposed by the Common Market center around the use of a variable levy fee. To some people these levies appear as a gate on a dam which can be raised or lowered depending on the amount of water needed on the other side. To others, these levies appear to be more like a moving high-jump bar which rises to disqualify even the most proficient competitor.

Regardless of how they are viewed, these and other protective devices are a serious threat to as much as \$600 million in our annual agricultural exports to present and prospective members of the Common Market. On two commodities that are of particular importance to many cooperatives -- poultry and grain -- our negotiations with the Common Market are at a highly critical stage.

In the case of poultry, where we have aggressively developed a substantial export market within the past six years, negotiations to obtain fair competitive opportunities will come to a head later this month when the EEC Council of Ministers meets in Brussels. The immediate question there centers around the minimum import -- or gate -- price on poultry. A further question involves the series of levies which in West Germany, for example, has raised the duty from about 4.5 cents per pound to almost 13 cents a pound now. Unless something is done, we stand to lose our entire poultry market in Germany of some 50 million dollars a year.

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We have already made the strongest possible representations from the highest level of our government to both Common Market and German officials to adjust these extreme restrictions. And I assure you that everything possible will be done at the negotiating table this year and next to keep a valuable market open to the efficient American poultry industry.

In the case of grains, where an expanding export market has begun to develop in the past year or two, the Common Market is scheduled this coming spring to set its internal target -- or support -- prices. This will be a crucial decision. It will not only indicate the future direction of the agricultural policies of the Community but will affect the price and levy of related agricultural commodities.

If the grain target prices are established at unreasonably high levels, then uneconomic production within the Community will be substituted for imports. Consumer prices for animal products within the Community will be unnecessarily increased, and imports of wheat, feed grains, dairy and livestock products will wither away.

Let me illustrate this with wheat. French support prices for wheat are now about \$2.15 a bushel. German farmers have wheat supports of more than \$3 a bushel. If the Common Market target prices are set at near the German level, an estimated 6 million additional acres would go into wheat production in France. French output could then supply nearly all the Common Market needs, and leave a surplus which could move into international trade at cutthroat prices.

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It is essential then, that grain target prices be established at moderate levels in order to assure both the United States and other agricultural exporting nations continued reasonable access to the Common Market.

We have made it clear to the Community that they have a moral as well as a practical responsibility as the world's largest importer of agricultural products to the rest of the world. We have insisted that rules of international trade in agricultural products should be developed that allow efficient producers to compete for markets on a fair basis.

We also have emphasized that protectionism is like a contagious virus that can spread from one body to another, since neither we nor other nations can follow liberal trade rules if protectionism is the new order of the day among trading partners.

As these critical decisions are made, there is much which cooperatives can do. You have frequent contacts and strong mutual interests with the many cooperatives in the Common Market nations. You share with them a common belief in the validity of reciprocal trade. If you are not already working with your European counterparts to remind them of the mutual stake both of us have in liberal trade, I hope you will undertake such an effort immediately. The Council of Ministers of the EEC will meet in Brussels next Monday, January 14. They are scheduled to pass judgment on a petition to lower the gate price on poultry. It is important that such action be taken. If you can help to bring about a favorable result, please act accordingly immediately.

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The Common Market's decision on its level of internal grain prices will be one of the historic events of the coming year. And here at home, wheat farmers will be participating in a referendum which will be another historic event. How then do these two events relate to one another -- and to farmer cooperatives? This is a logical question. Let me try to answer it.

A moderate internal price in the Common Market and a favorable vote in the wheat referendum will have the same effect...both will encourage an expansion in world trade and a strengthening of the free world alliance.

A high internal price in the Common Market or a rejection of the wheat program in a referendum in the United States will have similar... and disastrous...effects. Either, or both, could cause major dislocations in world trade patterns and in the free world economy.

The situation is that simple...and that crucial.

Let's take a closer look at our wheat economy for a moment to understand the situation more clearly.

Farmers today can produce more wheat than we can eat, feed, use industrially, market abroad or share at home and abroad. They will have this capacity for many years to come...even at low prices...since most wheat producing areas have few good alternative crops.

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Yields have been increasing, and may soon increase even faster.

In 1955, the national average was 16 bushels per acre. Today, we can expect a national average yield of about 25 bushels per acre. With the minimum 55 million acre allotment of the old law, crops of 1.3 to 1.4 million bushels could be expected each year. Yet, with commercial markets today of about 700 million bushels, and even with expanded Food for Peace exports of 400 million bushels, the wheat surplus was sure to continue climbing under the old law, as much as 200 to 300 million bushels a year.

That was why, with the support of nearly every farm organization, the Administration recommended and Congress enacted the two-price certificate wheat program as part of the Agricultural Act of 1962.

The two-price plan means the farmer has the opportunity to decide in a referendum -- to be held in late May or early June -- whether to adjust production to what the market will take in return for price supports, or whether to send all they can produce to market -- with no upper limit on wheat production and virtually no lower limit on prices.

The two-price plan is not a new or radical program. Such programs have been under discussion since the 1920's, and substantially the same program was approved by the Congress in 1956.

The final decision on this program rests with the farmer. For my part...and that of the Department...I see our responsibility as one of making sure the farmer has complete information -- on what the two-price program will do, on the alternatives it presents for the farmers' decision, on the effect of those alternatives -- all so the farmer can make an informed decision.

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To do that he must, of course, know how it will affect him, his community, his cooperative, his nation and our relations with other nations.

The answer to these questions are known.

If wheat farmers want \$2 wheat, they must speak at least two-thirds strong to that effect. If they want unlimited production and one dollar wheat, then one-third...plus one...of the wheat farmers can so decide.

In making that choice the wheat farmer will be deciding between economic survival and economic ruin; between a program honoring our international obligations and one resulting in unlimited cheap wheat available to dump in world markets; between order and chaos in domestic and world markets.

Let me make it clear again that these are facts. Neither the Secretary of Agriculture nor the Department is trying or will try to tell the farmer how to vote. That is his decision to make. Rather we seek to spell out the results that will flow from a "yes" vote and from a "no" vote in the referendum. This responsibility to make the facts known is one the Secretary and the Department will do our best to meet.

I am sure you recognize the stake which cooperatives have in this referendum. Your prosperity rises and falls with the farmer. When he does well, his cooperative does well.

Supply cooperatives know that a farmer receiving \$2 for his bushel of wheat is a better customer than if he receives only \$1. The marketing cooperative, which has become a powerful stabilizing force in farm markets, could do little or nothing to forestall \$1 wheat if one-third...plus one... of the wheat farmers vote for unlimited production.

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A favorable vote in the referendum will bring the prospects of an expanded wheat trade -- especially when wheat can be produced on feed grain acreage -- to marketing cooperatives. It will encourage farmers to store wheat -- in their cooperative elevators -- against a crop failure. Once more, cooperatives can turn primarily to those functions which they have traditionally performed...to merchandising needed supplies instead of storing unwanted stocks.

Thus, I hope that this organization and its members will join with other farm organizations to insure that the farmer has all the facts and knows fully the effect of his vote in the referendum.

What I have said up to now refers directly to a commodity -- wheat. But commodities and price and income from them constitute only one of the concerns to which farmers and cooperatives and the Department will direct attention in the days and years ahead.

In the time remaining, I want to discuss the second basic area of concern to which we direct our attention. I speak now of the problem of rural poverty, and the need for new economic opportunity in rural America. No matter how successfully we master the challenges in the commodity area, unless we do as well in helping the rural community grow in step with the rest of the economy, the farm problem as it is understood today will not be solved. Fair farm prices alone will not meet the challenge nor solve the problem.

Let's take a frank look at Rural America. I doubt that many people appreciate the fact that more than 15 million people in our rural areas live in poverty.

Few of our fellow citizens know that one out of five of the young people now growing up in rural America are in families with an income of less than \$2,500. One out of ten of these families is Negro or Indian -- minority groups with even more limited opportunities to improve their lot.

This Administration has taken vigorous action to meet the problem of under-developed areas in our own country. Some of the steps have been administrative, others through legislative action.

To review them briefly:

We established a National Advisory Committee to obtain the views and counsel of leaders representing a wide range of interests in every section of the country -- a committee on which Homer Brinkley now serves.

We reorganized credit, conservation, and cooperative services of the Department of Agriculture under Assistant Secretary John Baker to direct the work more effectively toward rural economic growth and the development of new rural resources.

We have encouraged local citizens to organize rural areas development committees. And such committees have now been formed in 1,800 counties. More than 50,000 persons who live in rural areas or in small towns now serve on these committees. They are preparing thousands of projects which will help create the conditions essential for economic growth.

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We have backed these citizen committees with technical action panels of USDA employees in each county -- the local FHA supervisor, the soil conservationist, the ASC committee chairman, and the forester who can give advice and assistance on local projects. The County Agent serves on these panels as do specialists from the agricultural colleges.

The single most significant advance in rural areas development came with the enactment of the Agricultural Act of 1962. It represents the first significant new direction in agricultural policy since the 1930's.

- It provides authority to initiate rural renewal projects, a tool which can be most effective in helping rural areas in the most serious economic trouble.

- It authorizes a new land-use adjustment program that will enable many farmers to change cropping systems and land use patterns to develop soil, water, forest, wildlife and recreational resources.

The Congress also took other action which will benefit rural development. It appropriated increased funds for credit through FHA and REA and for research on new uses and new processes for farm commodities.

Through the Manpower Development and Training Act, persons living in rural areas can get help in learning new skills. This in turn can open doors to new opportunities for employment either in their home community or in other areas.

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One of our major concerns relates to the development of new industries in rural communities. Experience has shown that a community waiting for outside investors to build a new industry will usually wait a long time. The hope for real progress is best realized by emphasizing the growth potential within the community.

Individually, such people can seldom meet the requirements for financing, management, promotion, necessary to launch a new enterprise. But by pooling their funds and skills and with help from State and Federal agencies, they can establish a modern industry.

It is at this crucial point that you who are experienced in cooperatives are so urgently needed. Your counsel and support can mean the difference between failure and success.

A recently formed lumber cooperative in Idaho exemplifies some of the possibilities we see in rural areas development. That cooperative was formed because no one of the 15 or 16 small lumber mills in the area could purchase equipment needed to dry and finish off their lumber. By joining together these small firms were able to get the funds needed to purchase the equipment.

Apart from working capital, the cooperative needed nearly \$270,000. A local non-profit development group provided nearly \$32,000. Much of this money was raised by an Indian tribe whose members would benefit from jobs and the sale of timber. The mills added almost \$14,000 -- the maximum they could provide without endangering the stability of their separate enterprises.

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The Area Redevelopment Administration then loaned the cooperative a little more than half of the total required. And the REA cooperative in the area was able to supply the remainder.

This is one example of an activity which should be repeated in different forms throughout the thousands of rural communities. It demonstrates that Federal resources are available and...most importantly... that with capable local leadership, they can be used to create new economic opportunity.

I cannot over-emphasize that the key element to the success of any program to invigorate the rural community is local leadership. The cooperatives represented here are one of the best examples of this fact...for without capable leadership they could not succeed. And in those cases where cooperatives have failed, it nearly always can be traced to the lack of able, dedicated leadership.

Your experience can be a vital force in this mission. In that respect, last week I met with a Co-op Advisory Committee which periodically consults with the Secretary of Agriculture. We discussed the RAD program and the great promise it holds for rural America. Yet, it was agreed that, except for REA cooperatives, the Co-op movement so far has given little really effective support to this program which is so important to the future of rural America...and therefore to most Co-op members.

I would like to ask each and every one of you, when you return home, to actively support and work in the Rural Areas Development program

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in your own community. You represent the decisive element of leadership... for each of you are leaders in your own community...we need your help... your experience...and your support. Please go to work when you return home to put to work new tools to build your community.

With your help, rural America in the modern industrial age... built around the pattern of local leadership and self-help...will continue to emerge as a dynamic element of our economy.

We are entering an age which will present new challenges to the cooperative movement...new challenges which, if successfully met, can help bring a new golden age of prosperity to rural America...to the bedrock of our American traditions.

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It has been my privilege to appear before many farm groups in the

two years I have served as Secretary of Agriculture, but never before at a gathering that impressed me as much as this one today.

Here in the newly formed National Wheat Referendum Committee you have organized a working group the likes of which agriculture has not seen in decades. It is unfortunate but true that farm organizations in the last 10 years have had more to argue about than to agree about. Today, however, I see in this audience representatives of nearly all farm organizations: The Grange, the Farmers Union, the great grain marketing cooperatives, the National Association of Wheat Growers, the Missouri Farmers Association, the National Farmers Organization and others -- groups representing a majority of the farmers in this country.

The importance of the singleness of purpose which brings you together here today can't be overemphasized. It demonstrates the basic unity of those who truly represent the farmer...when his future is threatened you come together as you have today with strength and determination.

I also am especially pleased to know that the members of the Agriculture Committee of the Omaha Chamber of Commerce and the Omaha Board of Trade are here for this luncheon.

Omaha, and every other large and small city in the wheat belt, has a great stake in the upcoming wheat referendum...a stake as great, if not as direct, as that of the farmer himself.

Address by Secretary of Agriculture Orville L. Freeman at a meeting of national farm organizations and cooperatives who are forming a National Wheat Referendum Committee in Omaha, Nebraska, January 10, 1963, Sheraton-Fontenelle Hotel, 12:30 p.m. (CST).

Great cities in farm areas prosper...or fail to prosper...as the fortunes of the farmer rise or fall. Sometimes this direct and vital link between the farm and Main Street is overlooked...but it dare not be ignored. The presence here of the Omaha business community is tangible evidence of their interest and their recognition of this link.

During the past year, I have spoken at the national conventions of nearly all the farm organizations represented here today. If the determination and zeal to provide for the common interest of agriculture which I found at those occasions is present in this room, then I have no doubt that the National Wheat Referendum Committee will achieve its purpose.

That purpose, as I understand it, consists of several parts. One is to insure that the farmer makes his choice in the referendum on the basis of facts rather than fear. Another is to urge the farmer to vote...to take an active hand in the direction of farm policy. And, finally, where your organization has taken a formal position to support a favorable vote, you propose to urge the farmer to follow your lead and vote "yes" on the wheat referendum.

You have, as I know you understand, assumed a heavy responsibility... and I congratulate you for your willingness to shoulder it.

The Department also carries a heavy responsibility as an agency giving shape and form to the policies established by the Congress. We are required by law -- by the Agricultural Act of 1962 -- to hold a wheat referendum, and to provide adequate information to farmers on the choices they face in that referendum.

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This means that our job is to describe the wheat program; to describe the alternative choices; and to describe the consequence of those alternatives. In effect, we are directed to show what a favorable vote will mean to wheat farmers and wheat States, and to show what an unfavorable vote will mean to wheat farmers and to wheat States.

We are preparing diligently to carry out this responsibility. As the first step we will soon hold a series of "Wheat Workshops" to present in detail and depth all aspects of the two-price wheat certificate program. These will be technical programs designed to provide land grant universities, farm organizations, business groups, news media and other interested groups and individuals with as full and complete information as is humanly possible.

These sessions will be one part of the Department's job in the next five months; my task here today is also part of that job.

I have come here to speak factually and directly on the meaning of the 1964 wheat program. Most of you know the provisions of the legislation, so I will not give an extensive description of it. There are, however, certain key elements which I want to repeat...and there are some which I will be announcing for the first time.

We have been working long hours in Washington to settle the details of the program...details which make up the warp and woof of the program.

It is, as you will see, taking much clearer shape. For example:

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The national marketing quota will be about 1.2 billion bushels. The actual quota cannot be announced until late March or early April if the referendum is to be held in late May or early June. It is clear now, however, that the national marketing quota can be as large as 1.2 billion bushels. This is about 150 million bushels less than the crop we would expect if the old program were in effect.

The national acreage allotment, based on the marketing quota, will be between 49 and 50 million acres -- taking underplantings, abandonment of planted acreage, small farm allotments and other factors into account.

Farm acreage allotments in 1964 will be only 10 percent smaller than in 1963. Most individual farm allotments for the 1964 crop will be the same as allotments for the 1962 crop. Each farmer will know his farm allotment before the referendum -- it may be identical to the allotment he had in 1962.

Diversion payments for the 10 percent reduction in the allotment will be at thirty (30) percent of the support level times the normal yield on the farm. If a farmer's normal yield is 25 bushels per acre and his county support level is \$2.00, then his diversion payment on an acreage equal to 10 percent of his 1963 allotment will be \$15 per acre.

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A voluntary acreage diversion program, similar to the programs for the 1962 and 1963 wheat crop, will permit any farmer to reduce his plantings up to 20 percent below his allotment. This voluntary program is expected to reduce wheat carryover by about 150 million bushels in the 1964 marketing year.

Payment rates for the voluntary program will be at fifty (50) percent of the support level--\$25 per acre on a farm with a normal yield of 25 bushels per acre and a national average county support rate of \$2.00 per bushel.

Price support for wheat, including marketing certification, will be \$2.00 per bushel (national average). This level of support will apply to about 925 million bushels, 86 percent of the expected crop of 1,070 million bushels. Price support for noncertificate wheat will be announced later, and will be about \$1.30 per bushel.

Advance payments will be made at the time of signup, for both the first 10 percent diversion, and for the voluntary diversion.

We hope to be able to authorize production of special crops, such as safflower, sunflower and castor beans, on the diverted acreage. However, the 1964 growing season is a long way off. Announcements on these crops must be delayed for some time, since the law provides they must not be in surplus supply if they are grown on diverted acreage.

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Wheat production on feed grain acreage will be authorized -- if there is a feed grain program in effect for 1964. This provision not only will allow wheat to move more freely in the market, but also will provide more flexibility for the farmer in the management of his farm. It will be a major step towards these two goals which all of us share.

What I have described here are some of the basic elements of the wheat program which the farmer will be voting on in the referendum. They are the facts on which he can begin to make an informed judgment.

Let's take these facts now and see how they fit together...first, as they will affect the rural economy with a favorable vote in the referendum:

*Farmers will receive \$2.00 per bushel or more for nearly all of their wheat marketings in 1964.

*Prices will be stable and predictable. Consumer prices, as they reflect the cost of wheat, will be the same as in 1962.

*The total value of wheat production -- and the farm value of wheat production -- on your farm -- including diversion payments -- will be at the high 1961-62 levels -- overall more than \$2.3 billion. Relative to other sectors of agriculture, wheat farmers will continue to have a very favorable income.

*World markets -- influenced by the International Wheat Agreement -- will be stable. Negotiations, particularly with the Common Market, leading to satisfactory trade agreements can proceed without the added uncertainty of unstable U. S. wheat prices.

*Wheat surpluses will be reduced, and the cost to the taxpayer also will be reduced compared with recent years.

That, in a nutshell, is the practical effect of a favorable vote in the referendum. Let's look for a moment at the results of an unfavorable vote -- at the decision which one-third...plus one...of the farmers voting can make.

*Farmers will receive about \$1 per bushel, on the average, for their wheat.

*Farm income will be sharply reduced no matter how you figure it. Gross income from wheat will be \$700 million less than with a favorable vote, despite a wheat harvest of 65 million acres.

*Net income available for spending for consumer goods and production items will be reduced by a like amount -- and by a far greater percentage. Each of you is familiar with the practical effects of such a massive drop in farm income. Spending for capital investment -- new tractors, combines, lumber and building material -- is cut drastically. Expenditures for consumer items -- new appliances, automobiles -- also will decline sharply. In addition, there will be more intense competition between the gas bill and the grocery bill for the remaining dollars...there will be too many expenses with too little income to meet them.

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These are serious words, soberly spoken. The hard, unvarnished facts are that this chaotic situation would shatter any hopes for prosperity in nearly every county seat town in 10 or 15 major wheat States. Their future is thus intimately linked to the wheat referendum.

There will be other effects of an unfavorable vote, as well -- particularly to the feed grain areas and to our international trading position.

Let's consider feed grains for a moment, from the standpoint of an unfavorable vote in the referendum.

If the Congress does not enact a feed grain program, corn price supports will be at or near 80 cents a bushel in 1964. If most wheat farmers ignore their acreage allotments -- as we would expect -- wheat prices would average about 90 cents a bushel.

With a feed grain program, corn prices would be supported at approximately the present level...and we estimate that wheat prices would average about \$1.10 a bushel. However, virtually unlimited supplies of wheat not eligible for price support would be available at that price, and would place a heavy burden on the feed grain price support program by driving large quantities of these grains into price supports. This would nullify much of the effect of the feed grain program. Thus, an adverse result in the wheat referendum could impair the successful operation of a feed grain program.

Thus, the economy of the entire corn belt... and ultimately the great livestock producing States...is linked to the outcome of the wheat referendum, as well as to a continuation of a feed grain acreage diversion program.

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Both are essential to a realistic and fair price for corn and to stable production of cattle, hogs, poultry, dairy and all of agriculture that rest on grain.

Now, let's look at the effect of an unfavorable vote in the wheat referendum on our international trading position.

We estimate that wheat production, in that event, would increase to about 1.5 billion bushels. Given our normal commercial markets of about 700 million bushels, plus the Food for Peace shipments of about 400 million bushels and other normal needs, there will still be some 300 million bushels of wheat which we could neither sell abroad nor eat nor give away...there simply would be no normal market for it.

It means we would be faced with the choice of either breaking our commitments under the International Wheat Agreement...or of taking the most extraordinary measures to avoid this action.

We have labored for 20 years to create and strengthen the Wheat agreement. The United States and some other exporting countries, together with 36 importing countries, have undertaken to conduct all commercial trade within the Agreement price range. It would be tragic if this progress were lost by the decision of a minority (1/3 plus one) voting in a wheat referendum. We are exploring every possibility for action in the event such a situation arises. There is authority under the Act for the President to prohibit or restrict exportations if, in his judgment,

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this action is necessary to implement the Agreement. What use might be made of this authority cannot be determined at this time, but it is being carefully studied.

I should add that the presence of some 300 million bushels of wheat which could be dumped on the world market would seriously affect our negotiating position with the Common Market at a critical time. We expect the Common Market to announce its target prices -- or support prices -- for grain by April 1 this year. Our efforts to seek fair competitive access to the European market would be made much more difficult if it appeared that American farmers were prepared to engage in cut throat competition in the world market.

I hope I have made it clear that much is at stake in the way the wheat farmer casts his vote in the referendum.

I also want to make it clear that we share your confidence in the wisdom of the wheat marketing certificate program. You have discussed this type of program for more than 40 years, and you were able to convince the Congress as long ago as 1956 of its merits.

Thus, the decision which the Congress made a year ago re-affirmed their earlier action...and should make it clear that the result of an unfavorable vote in 1963 would be that another referendum will be held before June 13, 1964, for the 1965 crop.

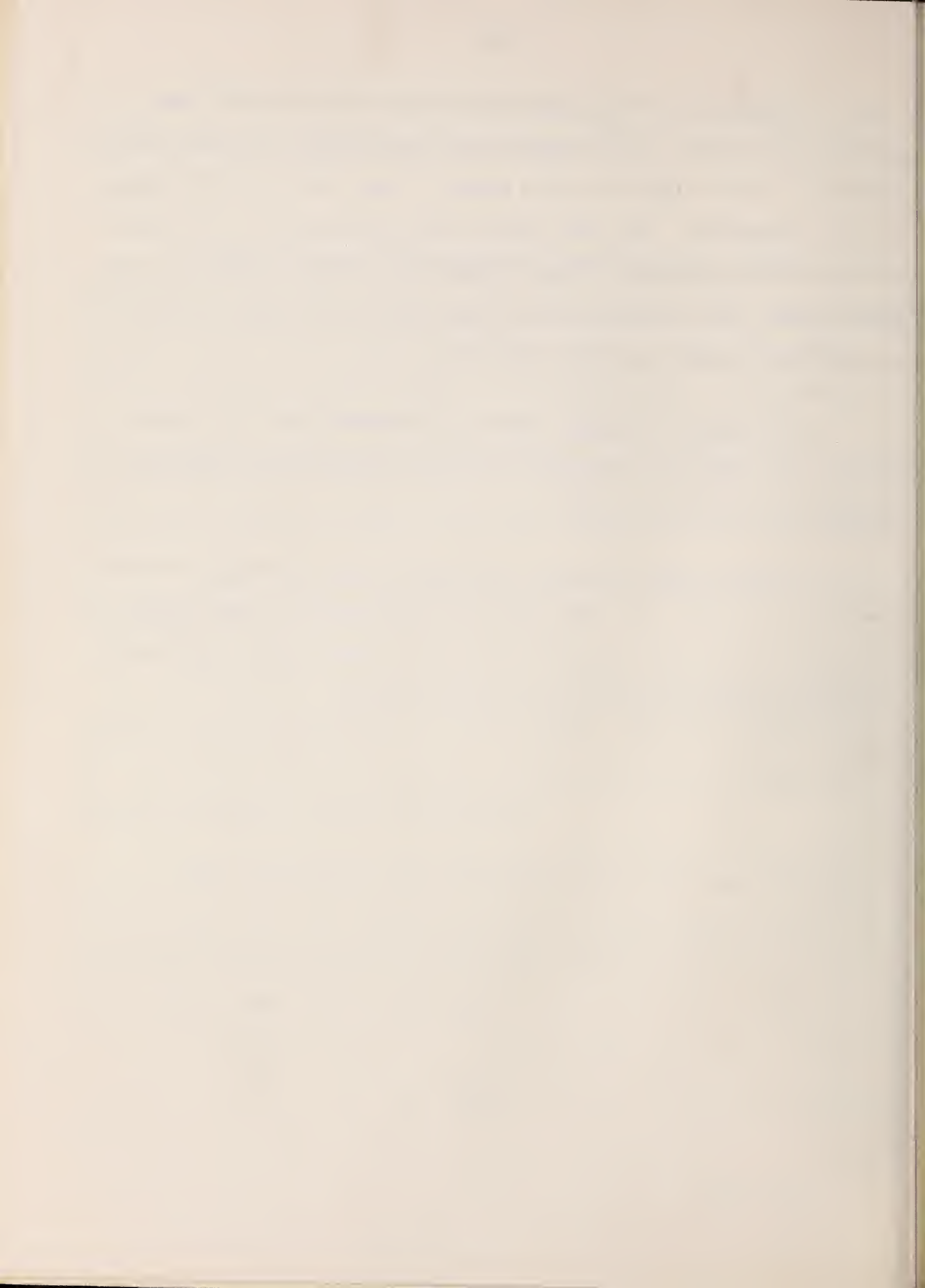
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I urge all of you in the coming months to take the 1964 wheat program to the people. Let the farmers and the townsmen -- who are mutually dependent -- decide together on this program. There will be misrepresentation and demagoguery. Only clear facts, clearly presented, will take away the fog which the opponents of farm programs will attempt to throw over the wheat program. Let us determine here today that when the farmer votes he will make his decision on facts -- not fear.

The choices are plain. Farmers can have \$2 wheat; or \$1 wheat. They can have stable and predictable national and international markets; or chaos and uncertainty in both.

They can bring prosperity for themselves in a framework of maximum flexibility to produce the right crop at the right time; or they can risk the improved farm income picture of the past two years for the uncertainties of unlimited production and the resulting low prices.

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I welcome this opportunity to speak to the 21st annual meeting of
your association for several reasons:

First, it is a good time to review the progress of the last two years...
progress in rural America, in agriculture...and specifically, progress by the
Rural Electrification Administration.

Second, it gives me an opportunity to take a close look with you at
some of the policies which guide REA...to re-examine their validity in this
time of change.

Third, I want to discuss the need to apply more broadly the local leader-
ship tradition which REA cooperatives have developed to such a significant
degree.

As two years of the Kennedy administration draw to a close, it is
appropriate to bring to farmers and city people a report of the highlights of
the activities of the Department of Agriculture.

Since 1960, through actions by the Administrator and by the Congress,
we have seen:

*An increase in gross farm income of \$2 billion in 1961 and \$2.5 billion
in 1962, as compared to 1960. Net farm income in both years averaged \$1.1
billion higher than in 1960.

Address by Secretary of Agriculture Orville L. Freeman before the National
Rural Electric Cooperative Association Convention, Las Vegas, Nevada,
Jan. 14, 1963. For P.M. Release Monday, Jan. 14.

*Grain surpluses have been reduced 700 million bushels...and taxpayer costs will be down some \$300 million this year as a result. With continued progress over the next two years, we can see the end of feed grain surpluses in 1964. The end of wheat surpluses is in sight...if favorable action is taken this spring by wheat farmers in the referendum for the 1964 crop.

With a favorable vote, wheat farm income can be maintained at the favorable 1960-1962 level, and the wheat surplus can be scaled down to near an adequate level in about three years. If the referendum fails, the surplus will remain and wheat income will decline sharply...as wheat prices fall from \$2.00 to \$1.00 per bushel. The effects will be disastrous to farm and city and to foreign markets alike.

*While these advances in agriculture have been taking place, the cost of food has remained stable...increasing about as much as the overall cost of living.

*Today we are sharing our food abundance more widely at home and abroad, thus fulfilling our moral responsibility to those who do not have enough. In March 1962, as many as 7.4 million persons in needy families in this country shared in our food supplies through the direct distribution program compared with 4.1 million in March 1960. The Food Stamp program launched by direction of the President is being expanded to 48 areas...and has become one of our most successful programs. The Food for Peace program during fiscal 1962 moved a record volume of \$1.6 billion worth of food and fiber overseas to feed needy, hungry people. Food and fiber is becoming an increasingly vital tool in our programs to stimulate the progress of developing countries all over the world.

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*We have launched a massive, all-out effort to infuse new economic vitality in rural areas through the redirection of old programs and the creation of new programs in Rural Areas Development -- a subject I will have more to say about shortly.

Now these are just a few of the accomplishments of two years...all of them together represent only the beginning of our effort to meet the task ahead in agriculture and rural America. But I am proud of the start we have made.

I am proud, too, of what we have done in REA where, as you are well aware, there is much progress to report.

Last year the President requested and the Congress authorized an increase in REA loan funds to permit the financing of additional generation and transmission facilities. For fiscal year 1963, \$400 million was authorized for the REA loan program, including \$100 million for a contingency fund. This made a record \$250 million available for generation and transmission loans. By comparison, 1960 authorizations were \$161 million, and only \$89 million was loaned for G & T purposes.

Since January 1961, REA has approved 28 loans to borrowers seeking new or additional sources of power. Seven of these loans represented new starts. Overall, these 28 loans will mean a 10-year saving of more than \$47 million as compared with the power supply arrangement available to the borrowers at the time their loan was approved.

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An equally significant measure of progress in REA is the recognition by the President of those policies which are essential to the vitality of the REA idea...to the integrity of the rural electric cooperative.

Let me be more specific.

This administration supports the 2 percent interest rate. This is not a recent or a capricious decision. It is based on a careful analysis of conditions inherent in the job you are trying to do. There are vast differences between the conditions under which you operate and the conditions which prevail on the city-based utility systems.

Some of the special handicaps you face in providing area-wide service which will permit your consumers to use power fully and efficiently bear repeating. They are not generally known...and need to be emphasized. I want to take this occasion to set them down clearly and carefully.

Low density -- In order to serve 4.8 million rural consumers, the REA cooperatives have built 1.4 million miles of line. It means that you have 3.3 customers per mile. The average urban-based utility has 32.3.

Lack of diversity -- Where farms in a particular area are of the same type -- and this is usually the case -- power needs tend to be heavy during certain periods of the day...and often negligible in the rest. REA systems, with few small commercial or large power loads to provide diversity, must make proportionately greater investments in facilities used only a few hours a day. Interest charges are based on a 24-hour day.

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Low revenues -- Low density and lack of diversity keep revenues low. In 1960, for example, when commercial utilities reported revenues of \$6,580 per mile...REA-financed systems had average revenues of \$414 per mile. On a per customer basis, your revenues averaged \$127, or a little more than half the \$204 reported by commercial utilities.

Low load factor -- Whether you generate power or buy it, low density and lack of diversity work to increase REA co-op power costs. This is true because the capacity and the facilities you build for certain peak loads...a necessity... are used on an average of only 50 to 60 percent of the time.

Isolated systems -- REA co-ops have undertaken to serve the remote and out-of-way pockets in America. Here in the West, for example, you have mountains, deserts and large forest areas which create special problems. These and other factors have kept many systems small and separated from other REA borrowers. Low interest rates enable such borrowers to perform the services expected from rural systems.

Yet, despite these handicaps, rural electric cooperatives have made an outstanding record in repayment of their loans. Last year, repayments passed the billion dollar mark -- representing 29 percent of the funds advanced. Only two electric borrowers are behind in their payments and these total only \$140,000.

Another policy of great importance is the increased emphasis on generation and transmission loans. We propose to continue this emphasis.

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During the past two years, G&T loans have accounted for about 57 percent of all approved loans. Each was in response to a demonstrated need for lower cost power -- the low-cost kilowatt that permits your consumer-owned systems to get on with their essential job in rural areas.

This policy which has made possible the expansion of the REA co-ops as their task has grown is also designed to meet two other particular needs -- to enable you to take advantage of new technology...and to help preserve your territorial integrity.

It is essential that the REA-financed generating stations -- which account for less than 1 percent of the Nation's total electric power capacity -- be geared to the technological advances within the electric power industry.

In the last two years, this new emphasis on G&T loans has been applied by rural systems to take practical advantage of savings in power pooling, system interconnections, large-scale generating units, and in the location of plants adjacent to sources of low-cost fuels.

The use of G&T loans to block raids by private power companies seeking the historic area of rural electric co-ops is new. Where such situations arise in the future, G&T loans will be approved.

This criterion has been used only once. It was in an area where a supplier, who was serving several distribution co-ops at wholesale, insisted that he be able to go into their territory and pick off retail consumers as he chose. This demand posed a distinct threat to the service capabilities... and to the existence...of the cooperatives.

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I hope raids on REA territory will stop. But as many rural electric cooperatives build their power volume, this problem remains a very real threat. It must be recognized that the expansion of urban areas into the surrounding rural countryside provides a particularly inviting target to raid.

It is possible, therefore, that more G&T loans will be made to strengthen REA co-ops in the immediate months and years ahead. In the long run, however, I hope and I believe raids will cease as the more moderate leaders in the private power field prevail.

When that day comes, real cooperation between all commercial and cooperative power systems -- with the resulting maximum use of all systems -- will mean increased benefits to all users.

I repeat -- it is not asking too much to recognize that the service areas you have developed are rightfully your own...and that the consumers within them, new and old, are rightfully your consumers.

On review, then, I believe these past two years have shown that the pledge which President Kennedy made in 1960 in Billings, Montana, has been kept. He said that his administration would:

"Restore REA to its former role of pre-eminence -- freeing it from constant concern over political interference, higher interest rates and budgetary starvation -- and enabling that remarkable American institution to get on with its work of providing low cost electricity and telephones for every American farm family."

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For my part, the contribution which rural electric cooperatives have made to my own State of Minnesota...to its farm families...has long ago earned them my dedicated support.

I have worked on farms before...and after...REA. To me, REA is more than a concept...it is the difference between a kerosene lamp and an electric light; between a hand-cranked cream separator and one driven by an electric motor; between a refrigerator and an icebox with an overflowing pan of water; between milking by hand and by machine; between an electric clothes washer and the old type of washer I pumped back and forth when I was a boy.

Each of you can be extremely proud of the accomplishment you have made in electrifying rural America...in meeting a challenge which many people considered beyond hope. I salute you for progress. At the same time I challenge you as we look to the future.

If one reason had to be selected as to why the REA idea has achieved its great success, I would give the credit to the unique pattern of local leadership which you have developed.

Perhaps other factors, such as effective Government assistance and a helpful attitude from local, State and Federal Governments, have been important -- but the quality and leadership of REA people have been the determining factor.

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And this brings me to the third point I made in my opening remarks... there is a very real need to apply your local leadership pattern to a new program...to use your skill for a task greater than REA...a task which encompasses all rural America, and for which you are only beginning to mobilize your talents and resources.

That task is to wipe out the causes of rural poverty.

Let me briefly describe the nature of this new challenge.

First, there is more poverty in rural America today than in all the urban sector combined. More than 15 million Americans in rural areas live under poverty conditions by our standards today. Of the 8 million families in this country today who earn less than \$2,500 annually, some 4.1 million live in rural America. In other words, rural areas account for only a third of our population but for over half the poverty.

Second, the commodity programs which have monopolized public attention for so long will, at best, even when full parity income is attained, provide adequate incomes for less than half of those who now live on farms.

Strangely, much of this poverty has come in the wake of astonishing advances in farm technology and production. It underscores the fact that an expanding rural economy necessary to combat this problem cannot be achieved by conventional commodity programs alone.

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In fact, I believe that farm programs as we are familiar with them will at best be able to do only half the job that must be done.

This, then, is a real challenge. It is a challenge that I am confident we can meet. But nothing less than a massive counterattack combining the resources of both government and local people will do the job and reverse the downward spiral in which rural America finds itself today.

Such a counterattack has been launched through a dynamic new action program. Most of you have heard something about this program called Rural Areas Development...or RAD, for short.

The RAD program is a blending and coordination of all available resources of the Department -- conservation, credit, forestry, recreation, industrial development, education and other public services -- into a long-range effort to erase the blight of rural poverty.

A very important responsibility in this program has been assumed by the leadership of the cooperative movement, and your REA co-ops, in particular, have much to contribute. As you know, your dynamic and driving general manager, Clyde Ellis, recognized the importance of this program very early...and has been a strong force in it for effective action.

As a result, the REA has been assigned primary responsibility for developing industrial and commercial projects under the Area Redevelopment program...and other programs, as well.

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You already have some experience in this task through the use of consumer facility loans authorized in Section 5 of the REA legislation. Under this section, some of you have assisted industries and businesses in your areas with the financing of electrical equipment and plumbing. Using these funds only when financing is not available on reasonable terms from any other source, public or private, you have made possible new job opportunities that could not otherwise have been created. Since July 1961, you have used these funds 14 times and for only a little over a million dollars, but the availability of Section 5 loans has made much else possible.

In helping the local community within your territory to increase jobs... and expand the benefits of economic growth...you also are increasing your own business. It is a natural combination, and fulfills the basic aim of REA to bring progress to rural America in many forms.

However, REA leadership in stimulating community development is not always tied to a direct REA power benefit. The manager of a local electric cooperative in Pennsylvania, for example, has led the drive in his community to get four new industries -- and each buys power from a private power supplier.

The manager maintains, and correctly so, that both the private and cooperative power suppliers are benefiting...the co-op from new consumers who live in its territory. But most importantly, the community...the people... will benefit from new opportunities.

I am encouraged to see the dedication and energy which local REA co-ops are giving to the RAD program. Reports from about one-third of the REA borrowers

indicate that since July 1961 they have helped to launch 400 industrial and commercial projects. It is anticipated that they will directly create 30,000 new jobs...and indirectly, another 22,000. When reports are in from all co-ops, undoubtedly these figures will be higher.

More than one-fourth of these new enterprises involve processing and marketing of farm and wood products...which mean additional outlets for farm and forest products as well as new jobs for rural citizens. This is a real "double shot" in the arm.

It is also important to note that in these newly launched projects, government financing is playing a "seed capital" role by stimulating the investment of much larger sums by private and local sources. The REA figures indicate that the 400 projects are being financed by more than \$250 million of private capital compared with about \$15 million from Federal Government sources.

These projects are scattered throughout the country. They include a lumber project in Idaho, a furniture factory in Kentucky, a commercial recreation enterprise in Illinois, a packing plant in Nebraska, and a chipping plant in Mississippi. In addition, the 600 REA borrowers report they have assisted their communities in launching a number of public facilities -- hospitals, water systems and sewerage systems.

Thus, we have, with your assistance, made a good start with the RAD program...but it is only the beginning, for we have only scratched the surface of the need in rural America.

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A good start means that rural electric cooperatives will have more and more to do as rural America responds to the challenge of the 60's...as it moves positively forward once again. And as these things take place, demands for power will expand rapidly.

Presently your members are doubling their power needs every seven to ten years. Today, the power requirements of your systems are about 37 billion kilowatt-hours. By 1970, those requirements will soar to 68.6 billion...(or more) and by 1985 to almost 200 billion (or more).

President Kennedy has said that power is the key to this century -- power on the farms and in rural areas as well as in the cities. At Oahe Project in South Dakota last summer he said:

"The role of the REA is not finished, as some would believe. To be sure, most farms now have electric lights. Most REA cooperatives and power districts are well established. But we are rapidly approaching the time when this nation will boast a 300 million population, a two trillion dollar national income, and a grave responsibility as the breadbasket and food producer for a world whose population will have doubled. That is the prospect for the end of this century -- and the key to this century is power...on the farm...in the factory...in the country as well as the city."

The role of the REA is not finished...it is only beginning.

This, I submit, is sound policy and one that will serve the Nation well. Let us, working together, militantly carry it forward.

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AMERICAN AGRICULTURE AND ITS NEED FOR EXPORTS TO EUROPE

By Orville L. Freeman, Secretary of Agriculture, United States of America
(Prepared at the request of Die Welt, Hamburg, West Germany)

People on both sides of the Atlantic have much to gain from a continued high level of U.S. agricultural exports to Europe.

To the people of the United States, farm exports are a major business enterprise and a significant factor in our ability both to maintain our international commitments and to buy imported goods, including industrial products from Europe.

To the people of Europe, moderately priced food products from the United States help in two ways: first, to hold down the cost of living and second, to price their industrial output competitively in world markets.

Active two-way trade in agricultural and industrial products is vital to the growth and well-being of both Europe and America. The people of the United States are anxious to have this trade continue undiminished.

I welcome the opportunity Die Welt has given me to discuss the agricultural aspects of this situation with our friends in West Germany and to explain our concern about threats to transatlantic trade in farm products.

American farmers are heavily dependent on export markets. One acre in five produces for export. Some of our commodities, such as wheat and rice, find more than half their market overseas. We are also big exporters of soybeans, tallow, tobacco, flaxseed, dairy products, vegetable oils, feed grains, lard, poultry, fruits and vegetables, and many other products of the farm.

Last year, we exported over \$5 billion in farm commodities. This is big business for American farmers and also for the millions of our business people and wage earners who are involved in the financing, storing, processing, and transportation of agricultural products. An important part of our population -- on farms, in small towns, and big cities alike -- is dependent on a high volume of farm products moving in export markets.

Furthermore, commodities from the farm account for about one-fourth of all exports from the United States. This means they contribute significantly to our international balance of payments, one of our most critical economic problems.

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Our balance of payments deficit is incurred mainly to meet our security and assistance commitments in Western Europe and other friendly areas. It is primarily to these same areas that we must look for the markets to help us overcome the problem, if we are to maintain these commitments and at the same time keep up our purchase of cameras, automobiles, watches, wines, and a variety of other products which Europe exports.

When Europe was industrialized many years ago, its economic growth was achieved in part by imports of low-priced food and raw materials from the new world. Everyone prospered from this trade. We found export markets for our agricultural abundance, and Europeans were able to develop their industry more rapidly.

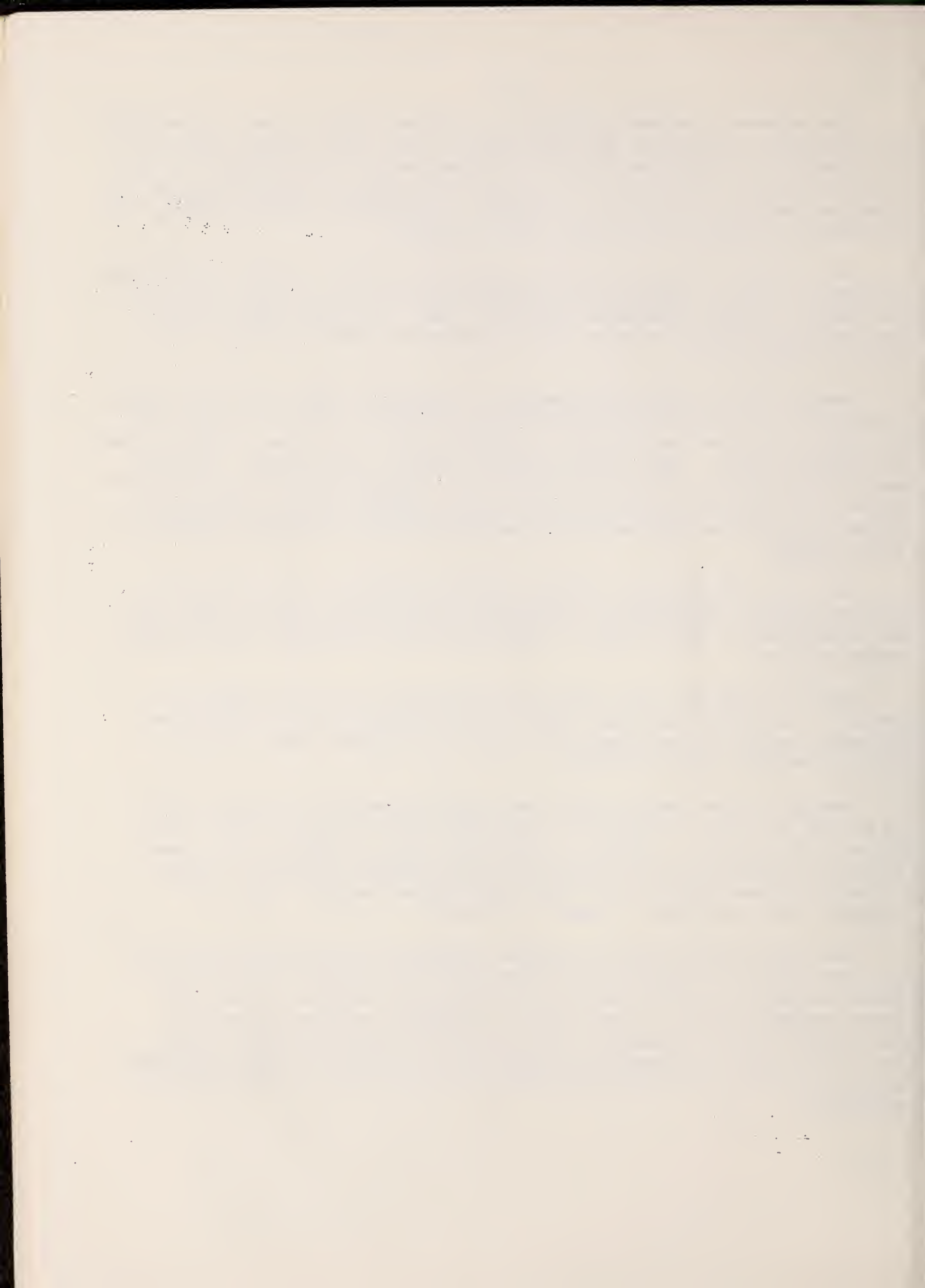
Ready access to the farm products of the United States is still highly important to the people of Western Europe. Thanks to the efficiency of our agriculture, we are dependable suppliers of a wide range of farm products at moderate prices. The average American family, for instance, spends no more than 20 percent of its income for food. Imported food from the United States will help keep the cost of living to moderate levels, a condition which in turn helps European industries hold the price line and compete in world markets.

The vital nature of our exports of farm products is the reason why we have expressed apprehension regarding possible losses in our trade with the Common Market, due to what we regard as overly protective agricultural trade policies.

Let me illustrate our concern by pointing out what has happened to poultry -- a subject which has been much in the international trade news in recent months and has figured in many conversations between European and American government officials.

During the last seven years, per capita consumption of poultry meat in Germany has almost tripled, as the fully employed German people have turned increasingly to poultry to supplement their supplies of red meats. Farmers in Denmark and the Netherlands have expanded production sharply to meet this need and so, of course, have German farmers. Even so, supplies were inadequate to meet the demand.

The United States has had abundant supplies of high quality poultry meat and has been seeking export markets for this product. Our poultry producers began an extensive promotion program in West Germany and our sales expanded rapidly. Such sales were possible because our poultry was subject to only a moderate fixed tariff in Germany and also because of the fact that the German government removed the quotas that had limited poultry imports from the United States up to that time -- a fact which we appreciate.



During these last seven years, Germany's annual purchases of U. S. poultry have risen from a modest 2.5 million pounds to 193 million pounds. Imports from the Netherlands and Denmark together have risen 5-fold. Germany's poultry growers have nearly doubled their own production. And Germany's consumers have enjoyed a wide choice of poultry products at moderate prices.

This has been a beneficial arrangement for all concerned.

Now, with the Common Market in existence, the rules have changed. The former moderate duty on poultry of $4\frac{1}{2}$ cents a pound is up to nearly three times that level. Suppliers from outside the Common Market have a higher wall to climb and can compete less effectively than before. At the same time, German consumers are restricted in their choice of poultry products and face higher prices.

The United States certainly has no desire to take over the German poultry market and put domestic producers out of business. But it appears to us that the new protection provided under Common Market regulations is not fair to Germany's trading partners. That is why we have been working with officials in both Bonn and Brussels on the matter of access for our poultry to the German market.

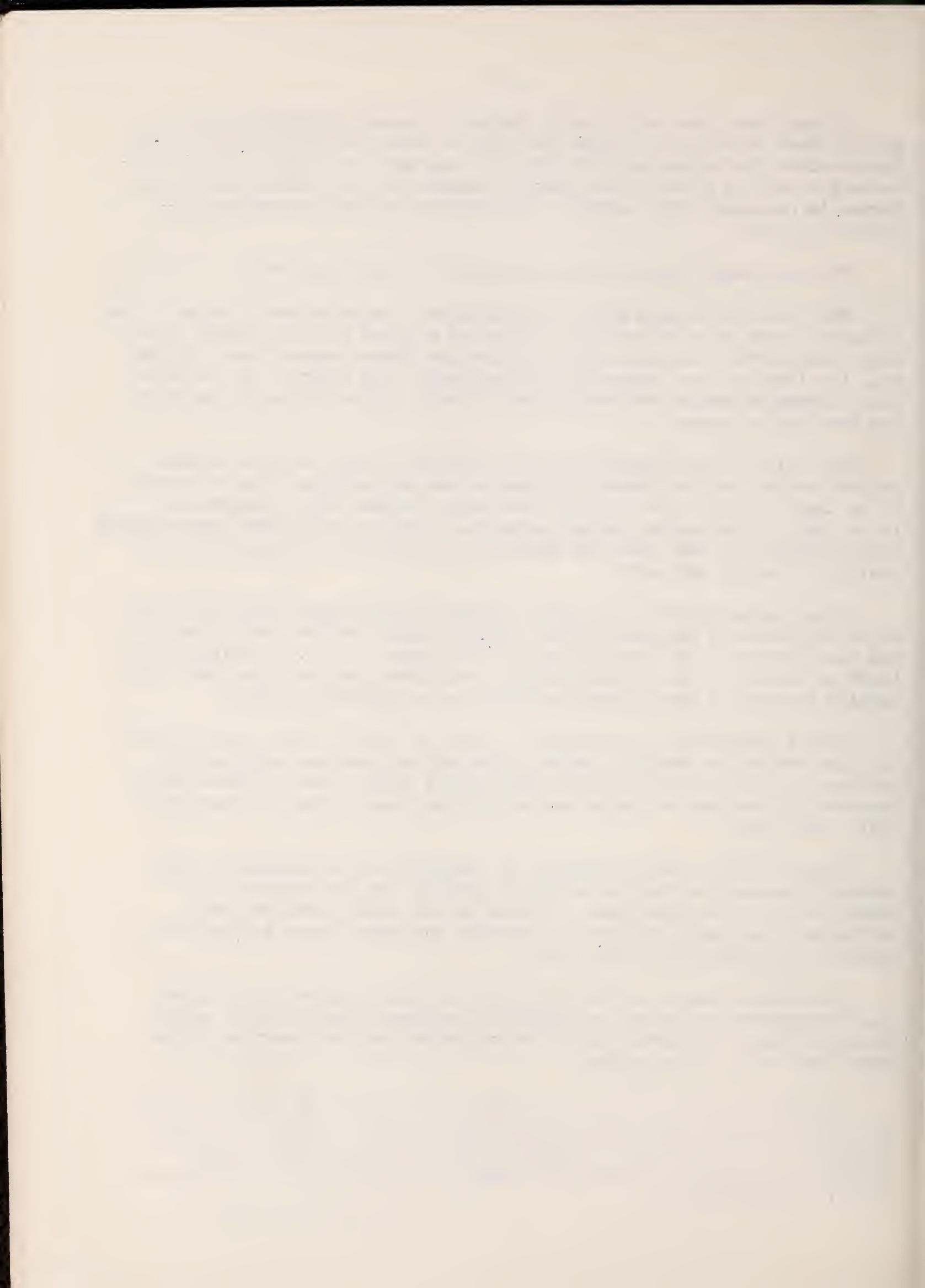
Trade protectionism is of deep concern to the United States not only as an agricultural exporter but as a nation which for the past 30 years has been devoted to a liberal international trade policy. We believe that trade is the lifeblood of international relations, and we think that rule applies as much to agricultural products as to industrial goods.

What is sometimes not realized is that we are not only a big exporter but also one of the world's largest importers of food and agricultural products. More than half of our agricultural imports are products which compete with our own -- fruits and vegetables, meat products, vegetable oils, even grains.

Along with the other countries of the West, we are members of the General Agreement on Tariffs and Trade (GATT). We are whole-hearted subscribers to its principles. We want to see rules developed and maintained that enable efficient producers of agricultural products to compete for markets on a fair basis.

The United States is fully prepared to play its part in carrying forward negotiations aimed at maintaining international trade at satisfactory levels. We have a new Trade Expansion Act that provides us an additional tool for doing this.

In applying this act, we can be liberal in our treatment of products from other nations only to the degree that they are liberal in their treatment of products from the United States. We hope that mutual liberality in trade relations will prevail, for if it does not, each of us will be the loser.



We hope to utilize the provisions of the new Act fully in promoting more liberal trade policies for agricultural commodities. The broad concessions we are authorized to negotiate under this Act can make possible the negotiation of a great interlocking system of more liberal and expanded trade that will benefit all the nations of the Free World.

But we believe that nations cannot be internationally minded in the industrial areas of their economies and nationally minded and protectionist in agriculture. Either the two sectors must move forward together on a liberal trade course or both will succumb to protectionism.

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U. S. Department of Agriculture
Office of the Secretary

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I appreciate this opportunity to be with you at your annual banquet.

1963
You of the limestone industry have a direct concern with some of the same things that we in agriculture are concerned with -- both as to soil improvement and to the development of the modern roads that mean so much to efficient farming and marketing.

Tonight, I should like to center my remarks on the broad subject of conservation. And I should like to start by saying that I dislike the words "soil bank" ... "diverted acres" ... "idle acres" ... and the whole concept of non-use that they represent. To me these terms and the practices they describe are the direct opposite of true conservation. For true conservation in a real sense means serving people -- the use of land and water to meet human needs now and in the future. Unless we use the land and water to satisfy human needs -- what purpose does it serve?

So the question is: Are we making the best and wisest use of our land and water to serve our national well being?

The answer ~~is~~ no.

But I believe we are moving in the right direction. Your organization, the National Agricultural Limestone Institute, has contributed mightily to a more rapid movement toward the goal of real conservation. And I believe that in the future you can continue to play a critical role in pointing the way to proper and beneficial land use -- true conservation in this land of ours.

An address by Secretary of Agriculture Orville L. Freeman, before the annual meeting of the National Agricultural Limestone Institute, 7 p.m. (EST), Washington, D. C., January 22, 1963.

Today and for the foreseeable future, our American family farm agriculture will be able to feed our people at home and to make available increasing amounts of food and fiber for trade and aid and economic development around the world. I make this most significant statement not as conjecture or even as an estimate but rather as a simple statement of fact. But it is a fact we must keep in mind when we discuss conservation.

This miracle of abundance has meant great things to our people.

It has meant that the average farm worker now feeds himself and 26 others--freeing the vast majority of our people for productive work of other kinds.

Food is the best bargain we have today. The food budget of the average family accounts for less than 20 percent of the family's income after taxes. In 1931, Americans were spending 23 percent of their after-tax income for food. In 1941 the proportion was 21 percent--and in 1947 it was 27 percent. Today, we are getting better food, better packaged, and more of it pre-prepared --but at less real cost than any people, anywhere in the history of the world.

In the different countries of western Europe--where living standards are relatively high--consumers spend anywhere from 30 to 45 percent of their after-tax incomes for food. In Russia the proportion is well over 50 percent.

Sometimes I think that the people of other countries have a finer appreciation of America's abundance than we do--because they have food problems. The hungry of the world know about American agricultural

abundance because Food for Peace is supplementing the food resources of more than 100 countries. The Iron Curtain countries know it--and their leaders are struggling to find a formula for a similar success.

Every single country behind the Iron and Bamboo curtains--and the Sugar Cane curtain too--is having food problems.

It was just four years ago this month that Fidel Castro assumed power in Cuba. At that time farm production accounted for over one-third of the national income and employed about two-fifths of the labor force. Food supplies were adequate for the country's people, and farm exports brought in most of Cuba's foreign exchange earnings.

The situation today is quite different, I assure you. Cuba is in the midst of an agricultural crisis--and there is no change in sight. There simply is not enough food--and per capita consumption has dropped a fifth since 1958.

Russia is having its food problems, too--a failure of Communism that even Khrushchev freely admits. Production is far behind the country's goals--especially for grains, meat and dairy products. And in Red China tonight, where agriculture has broken down, millions of people go hungry. East Germany, Hungary, Bulgaria--you name it--every one of the Communist countries has a serious food shortage problem.

There has been no such problem in this generation in the U.S.--because of the productive ability of the American family farm--the most successful agrarian institution ever developed.

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But this miracle of abundance of producing more and more on fewer and fewer acres has also meant sharp and very quick changes in the face of rural America. And these changes have brought with them a great deal of hardship.

Farmers and others associated with them in rural America, have suffered unfairly.

In most recent years, American farmers have produced 5 or 6 percent more food than we could consume or give away. And without adjustment programs, overproduction would have been much more severe than that. Individual farmers acting alone can do little to prevent overproduction.

Overproduction in a free enterprise economy means, of course, sharp downward pressure on prices. The result is the cost-price squeeze we are all so familiar with. In the decade of the 1950's, net realized farm income declined more than a tenth at a time when other incomes were rising steadily.

Many family farmers were pushed off the land. In the five census years between 1954 and 1959, the total number of farms declined 15 percent.

And it wasn't only farmers who suffered. I know that many of you in this room live in and serve small rural communities. Others of us have re-visited the small towns we know. And we see many of these communities have fallen into the backwater of America's economic growth.

In many of them, agriculture was once--but no longer is--an economic mainstay. Many of these towns were once--but no longer are--bustling centers of opportunity in business and agriculture.

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There are many ways to measure what has happened.

You can measure it in the changing character of our population.

In the decade of the 1950's, our national population increased by 29 million people. Meanwhile, population declined in most towns of fewer than 2,500, and increased only slightly in those of 2,500 to 10,000. The farm population that supports these smaller towns and cities fell off by a third.

You can measure it in the lack of adequate opportunities for education. Urban people over 25 have on the average a fourth more formal schooling than do farm people.

You can measure it in the lack of job opportunities. Under-employment in rural areas is the equivalent of around 4 million entirely unemployed.

You can measure it in the unwillingness of younger people-- especially the more promising ones--to remain and work in their hometowns. For many rural communities, this rapid outmigration of the young is particularly tragic. Opportunity could have been created locally as well as at a distance.

You can measure the rural problem in the incidence of actual poverty. More than half the poverty in the U.S. today is in rural America-- a rural America which has at the same time created a worldwide success story in food production.

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Yet these communities--even where economic problems are most acute--all have important resources--both natural and human resources. They deserve the best efforts we can give to their problems--through every public and private source available.

Change is inexorable. Yet the threat to rural America does not lie in scientific and technical change itself. The threat lies in the failure to direct changes growing out of that progress in ways to meet the real needs and wants of all the Nation's people. Change must be shaped to work for people--not against them.

If we are alert and willing to act, I believe we can shape these changes so that rural America as well as urban America will prosper and benefit from the production miracle that is American agriculture.

It all comes down to conservation-- to proper land use in the most meaningful sense of that word.

We know that we don't need all of our land and water to produce the food and fiber we require. During the past two years, we have been using for crop production less than two-thirds of the land we classify as cropland. With acre yields growing year by year more rapidly than population, we know that we can continue to produce all the food and fiber we need with much less cropland than we have available.

At the same time, we do need land and water for other things. We have growing needs for recreation ... for timber ... for grazing for livestock ... for industry. The expanding urban character of our population

indicates a growing urgency for the preservation and use of green areas around cities and towns ... or simply open spaces to look at ... climb on ... walk through ... or meditate in.

We are a people with a pioneer tradition. Open space is a part of that heritage, and it is essential that we maintain the opportunity for Americans everywhere to make use of space as one of our natural resources.

So now as true conservationists, our challenge is clear -- to make the land adjustments needed, we must work not idle ... use not bank ... apply not divert ... our great natural resources of land and water.

We must seek alternative land and water uses that will serve our people in worthwhile ways, now and in the future. We must avoid the idling of vast tracts of land with the resultant damage to local enterprise and rural economies.

It can be done. We have made progress.

The coordinated effort which makes up the Rural Areas Development Program -- or R-A-D-- points the way. The framework behind RAD is the conservation philosophy that we should use our land and water -- not idle it.

Incidentally, your president, Bob Koch, is a member of the National Advisory Committee on Rural Areas Development -- and we are most appreciative of the work he is doing.

The RAD program is a blending and coordination of all available resources -- private and public ... local, state and national -- toward the common goal of a prosperous rural America.

As a part of this integrated effort, certain of the Department of Agriculture's services most directly involved in Rural Areas Development have been placed under Assistant Secretary John A. Baker. These include the Forest Service, Farmers Cooperative Service, Farmers Home Administration, the Rural Electrification Administration, the Soil Conservation Service and the Office of Rural Areas Development. In developing new rural resources, these agencies work closely with the Federal Extension Service and the Agricultural Stabilization and Conservation Service -- which report to Assistant Secretary John P. Duncan. I want to emphasize that RAD is a top priority program in the Department which will continue to command our best energy, know-how and resources.

The Congress responded to this need by passing last year significant and far-reaching legislation where RAD is concerned. These include special credit programs, cost-sharing and adjustment payments under long-term adjustments for cropland conversion, and authority to initiate rural renewal projects through technical assistance and loans to local public agencies.

Fundamentally, of course, local participation is the key. Happily we have found a great deal of enthusiasm in local communities. Today there are rural development committees in 1800 counties -- and they are preparing thousands of projects that will help create the conditions essential for economic growth.

One of the most encouraging things about the program is the growing evidence that Federal funds can be used to stimulate a many-fold investment from other sources. In other words, government financing is playing a "seed capital" role by bringing about the investment of much larger sums by private and local sources.

For example, the Rural Electrification Administration surveyed about 400 industrial and commercial projects that REA borrowers had helped to launch. It was found that the 400 projects are being financed by more than \$250 million of private capital compared with only about \$15 million from Federal Government sources.

Incidentally, it is anticipated that those 400 projects will directly create some 30,000 new jobs ... and indirectly, another 22,000.

Another, much broader survey discloses that throughout the country 133,000 jobs have been created or saved already as a result of the Rural Areas Development Program.

A key role in the RAD program is being carried out through cost-sharing under the Agricultural Conservation Program. In the Food and Agriculture Act of 1962, ACP was placed on a permanent basis for the first time -- which is quite a landmark for the program. In the past, ACP has been known as a "continuing" program that had to be renewed periodically by the Congress. This will no longer be necessary.

The 1962 Act also amended the Soil Conservation and Domestic Allotment Act to provide for long-term agreements under ACP, to help farmers change their cropping systems and land use and to develop soil, water, forest, wildlife and recreational resources. And it authorized USDA to share with local public bodies up to half the cost of land, easements, and rights-of-way for small watershed projects to be dedicated to public recreation.

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The Department is already developing pilot projects under this legislation -- to help farmers shift unneeded cropland to other uses. Last month, we named 41 counties in 13 states for long-term test programs to shift land out of crops and tame hay. The main idea is to convert this land to grass and forest -- although water storage, wildlife habitat, and recreation uses will also be encouraged. In addition, other counties throughout the nation are eligible to participate in a pilot program to convert cropland to income producing recreation uses.

In some states, the test program will be tied in with small watershed projects authorized under Public Law 566. Such watershed work is underway or approved in 13 of the 41 counties where conversions to grass and trees are being started.

Farmers who are interested in this cropland conversion program will be helped through adjustment payments, cost-sharing on conservation practices, and technical assistance. Farmers can enter into long-range agreements to shift land under plans which they have developed in cooperation with their local soil conservation districts. In addition, farmers or groups of farmers will also be able to obtain credit to help pay their share of the cost of conversion.

As I said, this pilot program, under the leadership of our ASC committees, is limited to this year. Our intention is to expand this cropland conversion program very rapidly and widely.

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So far pilot projects in cropland conversion and recreation are limited to an expenditure of \$10 million. The extension of the Conservation Reserve authorized by Congress is for only one year. New authority is needed to deal with the substantial acreage coming out of the Conservation Reserve in the next few years. It is needed too for other land that we no longer need to produce food and fiber.

May I then conclude this address as I began by repeating the answer is not to idle land not needed for crops, but rather to use it to meet other needs, and, as we do so, to provide constructive opportunities in areas other than farming for those who remain by choice in the rural community. There is important work to be done by such people. Our challenge is to work out the proper balance -- a better word is conservation....the proper use of land and water to serve people.

This is an exciting enterprise -- and 1963 is a key year. The Congress gave us important new legislation last year. As I have outlined we are now instituting, on a small scale, projects that we hope will be the successful beginning of broad and effective land-use adjustment...conservation...programs.

I invite each of you to look at your own community in terms of these opportunities...and to give your cooperation to these long-term programs for conservation and rural development. The reward will be great and long-lasting...to rural communities and to the Nation.

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U. S. Department of Agriculture
Office of the Secretary

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We meet here to advance a goal that has been sought by all men since before the dawn of human history. Long before men formulated slogans -- indeed, before they had developed much use for words -- they sought to allay hunger. We seek today to fill one of the most basic needs common to all mankind.

But if the desire and the drive to achieve freedom from hunger is as old as life itself, there are today two new elements that are of utmost importance. The first of these represents one of the greatest hopes of this critical age in which we live -- the hope that arises because we now seek, in a conscious and articulate manner, freedom from hunger for all men all over the world.

The inclusiveness of this drive is something new in history. Primitive man sought food for himself, or, at most, for his family. Later a tribe, still later a nation, became a unit within which members acted to achieve freedom from hunger for the group.

Through much of recorded history men and nations have sought to increase their own chances to achieve freedom from hunger at the expense of their neighbors. They have struggled for the fertile valleys and the flood plains. Wars have been fought to gain enough territory to insure enough food. Peoples have migrated into new, forbidding, sparsely occupied areas of the world when population pushed too hard against the supply of food.

Address by Secretary of Agriculture Orville L. Freeman at the 2nd Annual Meeting, American Freedom from Hunger Foundation, Mayflower Hotel, Washington, D. C., 12:45 p.m. (EST) January 23, 1963.

It was left to our period of history for mankind to develop a concern to combat hunger throughout the world.

Freedom from hunger -- or want -- was one of the four freedoms that Franklin Roosevelt held up as a standard for all the world to see -- and to follow.

Food enough for all was the hope which was the basis of the launching, 20 years ago, of the Food and Agriculture Organization.

The desire to make use of our abundant agricultural productivity to provide food for those who need it throughout the world was back of the launching by the United States, nine years ago, of our Food for Peace Program.

More than two years ago the FAO launched its five-year Freedom from Hunger campaign. And last year the United Nations and the FAO launched the World Food Program.

Thus the drive to eliminate hunger from this earth has become international and well nigh universal. This first new development in an age-old drive in itself offers great hope to the people of the world.

This hope is given substance by the second new development, which is likewise a product of our age. For the first time in history, science and technology have progressed so far that we can envision the day when no one on earth need suffer for want of material necessities of life. We can see the possibility of the conquest of hunger and cold, and the other physical and natural hazards, for all men everywhere.

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Within the United States this potential abundance has in many respects become a reality. Certainly American agriculture has demonstrated its potential. Millions of farmers, spurred by the incentive and pride of ownership inherent in the American family farm economy, have applied new discoveries and new methods to their own operations to produce a dramatic increase in productivity that overshadows increases in other major sectors of our economy.

The following figures demonstrate the rate of acceleration of this increasing productivity. In 1900, 37.5 percent of our labor force was in agriculture. In 1960, only 8.6 percent. A century ago one worker on the farm supplied less than 5 persons -- hardly more than his own family. It took nearly 80 years for this number to double, and by 1940 the number of persons supplied by each farm worker had risen to 10.69. Five years later, during the war years, that 10.69 had risen to 14.55; but the five post-war years saw little change -- 14.56 by 1950. But note the rate of increase during the decade of the 50's. By 1955 each farm worker supplied more than 19 people. By 1960 it was more than 26. Today it is more than 27. And it will continue to increase.

Yes, we can foresee the end of the physical barriers to an age of plenty. Yet for most of the people that inhabit this earth, abundance is only a dream. But it is a dream that becomes more insistent and more impelling every day.

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The challenge to us is clear. For the most formidable barriers that remain are social and political and economic.

There are barriers of nationalism -- and other isms.

And most important there are barriers of ignorance.

I should like to point out that the barrier of ignorance applies not only to the illiterate, not only to those who have not yet learned how to make two blades of grass grow where one grew before, although this is a serious barrier. The barrier of ignorance applies as well to the learned and the powerful.-- to the statesmen of the world who have not yet learned those elements of social engineering that will make it easier to extend the potential for plenty to all people.

These are barriers we must attack and seek to tear down. These are barriers against which we now seek to unite our forces in this Freedom From Hunger Foundation.

I would like to summarize briefly the efforts we are making, here in the United States, toward the goal of freedom from hunger.

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Through our Food for Peace program American farm products are supplementing the food resources of over 100 countries, having a combined population of over 1.3 billion. In the six-year period, 1955-62, Food for Peace shipments had a total value of \$11.2 billion.

This food is being used to relieve hunger and suffering. It provides food for school children. It is also used to promote economic development. It is helping underdeveloped countries to carry out irrigation, reclamation, and reforestation projects; to improve railroads, highways and bridges; to construct electric power generating facilities; to build hospitals, clinics and schools. In other words, it is being used not only to meet an immediate need for food, but also to further the kind of economic development and growth that will lead to a greater degree of self-sufficiency.

Food for Peace is a policy and program of the United States Government. Through this program the people of the United States are giving -- through their government -- at the current rate of \$1-2/3 billion a year -- to combat hunger in other parts of the world.

The people of the United States are also contributing through their religious organizations and other voluntary agencies, such as CARE. These contributions, both through government and through voluntary agencies, will continue, alongside of our full participation in international and multilateral efforts and programs.

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One international avenue is through the World Food Program, launched last year by the UN and the FAO.

The World Food Program is frankly experimental. It will, for the first time, provide food surpluses for economic development to food deficient peoples through the United Nations system.

The new program will start off on a modest scale. It will supplement, not replace, the bilateral food aid programs already being carried on by individual countries, including the Food for Peace Program of the United States. Let us not be concerned, however, about the modest initial size of the operation. It can grow--and I think that it will grow--because it is based on a sound premise. It is predicated on the idea that a problem that is international in scope and impact needs to be approached through the joint effort of many.

Development of the program thus far is a tribute to many minds and hands, and we of the United States are proud to be associated in its development.

I am pleased to recall that we were one of the sponsors of the Resolution approved by the General Assembly in October 1960. That Resolution, among other things, called for a study of how food surpluses might be distributed under international auspices. The Director General of FAO early in 1961 prepared a challenging report, "Development Through Food," which placed strong emphasis on the role of food in promoting economic growth. The Director General's ideas were transmitted

by the UN Secretary General to the Economic and Social Council. A multilateral approach to food distribution was considered in various meetings of FAO and the United Nations in 1961.

It was my privilege to address the FAO Conference at Rome in November 1961 and pledge the strong support of the United States to establishment of a World Food Program. I followed with keen personal satisfaction other steps of FAO and UN to establish this program.

The United States is pleased to offer food, cash assistance, and ocean transportation services to the World Food Program--to join other members of the United Nations and the Food and Agriculture Organization in this great cooperative effort.

The United States has pledged \$40 million in commodities and an additional \$10 million in cash and ocean transportation services on U.S. vessels. This is the American contribution to the total of \$100 million for all countries taking part in this experimental program.

Alongside of this World Food Program, and preceding it by some two years, is FAO's Freedom From Hunger Campaign. For 15 years the FAO has sent missions to some 80 countries to help the world's underfed make better use of their resources. It has recruited food and agriculture specialists from scores of nations, who, singly or in teams, have advised governments and helped launch projects to combat hunger and poverty.

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The Freedom From Hunger Campaign was launched by FAO on July 1, 1960, to mobilize private contributions in nations throughout the world. The Freedom From Hunger Foundation, whose trustees meet here today, is the focal point for United States participation in the campaign. Because, in this country, the religious and other voluntary organizations such as CARE have for so many years organized and conducted very effective campaigns for private contributions, the Freedom From Hunger Foundation has not sought to compete with them. Rather, it seeks to tell their story, and to reach others who are still unaware of either the problem of hunger in the world or the efforts we are making to solve the problem.

As Trustees of the Freedom From Hunger Foundation, you will have two very significant responsibilities this year. The President has requested that you serve as the Citizen Host Committee for the World Food Congress, to be held here in Washington in June. On this occasion statesmen, administrators, scientists and leaders in every walk of life, public and private, from over a hundred countries will meet to consider how to solve the problem of world hunger and poverty. Many of the delegates will come from the developing nations that need help to eliminate hunger in their own lands. It seems to me that the opportunity to serve as host to those delegates is a challenge that presents real opportunity.

You will also have the responsibility, and the opportunity, to help to make the observance of Freedom From Hunger Week in March one of real meaning and significance. I believe there are hundreds of

thousands of Americans who are unaware of the hunger that exists in the world, who do not know of the efforts being made by this nation and other nations to alleviate that hunger and to attack and to remedy its causes, and who--if they did know--would want a share in those efforts.

There is, I am confident, tremendous potential in this three-way partnership: of private effort, government programs and international activity. It is a partnership in a cause that is extremely difficult and supremely important.

It is difficult because it involves much more than distributing food to hungry people--although that is a part. I have often said that if we would help a man who is hungry and ill-nourished, we must first give him food, and then help him to find a job so that he can help himself.

Translating this into the challenge of providing help to those nations striving to catch up with the industrialized nations in economic growth we find that food is essential, and that progress in increasing their own agricultural production must be emphasized. Technical assistance must include agrarian reform and institution building as well as the technical knowledge for producing better crops.

These tasks are not easy. But they are essential. In a large measure, our hopes for continued progress and prosperity depend upon the opportunities available to those who lack the essentials of life

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to achieve higher levels of living. In a large measure, our hopes for peace and security depend upon their opportunity to advance.

As Trustees of the Freedom From Hunger Foundation you have the opportunity to mobilize the generosity and the good will of the American people in support of a drive to free the people of the world from hunger and poverty, and thus make freedom more secure.

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revolution in our midst.

UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, January 24, 1963

NOTE TO CORRESPONDENTS:

Attached is a copy of the speech that Secretary of Agriculture Orville L. Freeman gave before The Business Council in Washington, D.C., on Jan. 23.

It is being made available for the record.

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A REVOLUTION IN OUR MIDST

I deeply appreciate that this group of business leaders has sufficient concern for agriculture to give it special attention.

Tonight, then, I would like to describe for you a revolution and its impact upon people...a revolution where the basic causes are very familiar to each of you. You work with them every day.

The revolution is the Agricultural Revolution which is sweeping with a quickening pace throughout rural America.

The causes are science and technology...familiar to you in the form of automation in the factory and, increasingly, in your administrative offices.

In agriculture, these forces of change combine to create the conditions which have made our farmers the most productive on the face of the earth...and which have caused one of the most perplexing and unique problems in the history of civilization.

That problem is that we have too much food...or too few people...or too small appetites.

In the course of my remarks I want to talk about the importance of profits to the farmer...and the small town businessman...and the giant industries that depend upon the farmer to consume what they produce.

Address by Secretary of Agriculture Orville L. Freeman before The Business Council, Mayflower Hotel, Washington, D.C., 7 P.M. (EST) January 23, 1963.

Let me begin by describing the American farmer. He represents less than eight percent of our work force...yet he provides an abundance of food and fiber for the 92 percent who engage in other activities.

Impressive? It is in India and many other developing nations where the ratio is nearly reversed. It is even impressive in Europe where 25 to 30 percent of the working people are farmers. We know it is impressive to the leaders of Russia...where about 45 percent of the people work on farms.

An American farmer today can produce enough food and fiber to feed and clothe...on the average...27 other persons. Seven years ago, one farmer produced enough on the average for 20 persons. Two decades ago, the ratio was one farmer to 11 persons.

What I am describing here is the outstanding success story of the American economy. There are many ways to measure it besides those I have mentioned.

One farmer today in one hour can produce what four farmers did in the same time shortly after World War I. That same farmer increased his productivity three times as fast as the worker in industry between 1947 and 1958.

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Last year, the American farmer growing 59 major crops, produced a record equaling output on the smallest harvested acreage since the Department began keeping records in 1909.

Thus, by any measure...by any comparison you want to make...the farmer has written an unsurpassed record of productive success.

His success has spread itself in many directions, benefiting a great many people...and many industries.

For one thing, it has meant that the average American consumer will use only 19 percent of his earnings to buy food. This still is a large part of the family budget...but it is lower than at any time in history, and lower than in any other nation. Just 10 years ago, food costs accounted for over 23 percent of the average family income.

Another way to measure the bargain we have in food is to consider that the factory worker today can purchase, on the average, his monthly food needs with just 37 hours of work. A decade ago, it took 51 hours of work to purchase the same amount of food. Shortly after World War II, the worker had to put in 61 hours for the monthly food basket.

In most other nations, food costs take 40 to 50 percent of the average workers wage...and in some nations, food costs are so great that they leave very little income for the family to spend.

Certainly the food manufacturing industry, our efficient distribution system and the rise of the supermarket have contributed to the amazingly low cost of food today, but the major contributor has been...and is...the

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farmer. If the cost of food had increased as much as the overall cost of living during the 1950's, the housewife would pay over \$1.17 for a dollar's worth of food.

That is why I have repeatedly said that the consumer, instead of subsidizing the farmer, in fact, is being subsidized himself by the farmer.

The consumer is not the only one who has benefited from the productive success of the farmer. The key to that success -- science and technology -- requires enormous capital expenditures...expenditures which the farmer has willingly made, often at the expense of profits and personal comfort.

It has meant that large...and profitable...industries have been built to provide new and more complex machinery, chemicals to control insect and plant pests, fertilizer, specially blended feeds containing disease killers, medicines as sophisticated as any found in our hospitals...and a host of other products which the farmer cannot grow or build or make on the farm.

Nor are the consumer and the business community the only beneficiaries...there are millions of individuals both at home and abroad who share in the food abundance of our lands. For various reasons, mostly beyond their control, they do not have access to an adequate diet. Last year, as many as 7.4 million Americans shared in some 4.7 billion pounds of food valued at nearly \$600 million. Through various programs under our Food for Peace effort, some \$1.6 billion worth of food and fiber was shipped abroad under barter, long-term credit and foreign currency sales arrangements.

These Food for Peace programs are becoming less a program today for disposal of surplus commodities and more a program to use our agricultural capacity in the economic development programs of the emerging nations...as part of our foreign policy.

Thus, the economic and humanitarian benefits which flow from a highly efficient agriculture are both substantial and varied...and represent in many ways the silent and less noticeable aspects of the agricultural revolution. Most of us are more familiar with the noisier and more explosive manifestations of the forces which are changing the face of rural America.

We hear...and see...it more in terms of legislative battles in the Congress...of farmers organizing holding actions to keep their output from the market in hopes of getting better prices...of small communities offering to mortgage their future to attract a new industry...of rural towns disintegrating into ghost communities...of the constant referral to the accumulation of excess commodity stocks as "scandalous," or some other shallow characterization.

Perhaps you wonder how eight percent of our population can cause such a stir. It isn't too difficult when you consider the degree to which the farmer and rural America has been subjected to economic pressure.

In 1960, farm income had fallen to its lowest point in relation to the rest of the economy since the depression 1930's. Even in 1962,

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after net farm income had risen to its highest point since 1953, per capita farm income stands today at only 60 percent of nonfarm income per person.

During the 1950's, net farm income trended steadily downward, while the cost of farm programs increased...and the accumulation of farm commodity stocks increased each year to record highs under the pressure of improved yields...of the impact of science and technology.

Thus, the one individual most responsible for agriculture's success...the efficient farmer...has shared the least in its benefits. The farmer had discovered that hard work and perseverance do not produce the kind of success he might expect. But he has watched as the nation prospers and felt he should share in this growth...and knows that he does not, although he continues to do his job better than anyone before him.

The profits in agriculture, then, do not always bear a direct relationship to hard work and determination. But profits are as important to the farmer...and to the rural economy...and to the nation as they are to the business and industrial community.

I would like to illustrate this with some figures we have been gathering on the distribution of the increased income...and profits... that farmers have earned in 1961 and 1962.

Gross farm income increased \$2 billion in 1961 and \$2.5 billion in 1962 as compared to 1960. Net income...or profits...increased \$1.1 billion, or about 10 percent, in each year as compared to 1960.

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What has happened as a result?

*The farm family is planning to buy more major home appliances.

A power cooperative survey indicates farm families plan to spend \$860 million for appliances and water systems in 1963--an increase of 15 percent over last year. These plans are further confirmed by the quarterly survey of consumer buying intentions which found a higher percentage of farm households planning to buy washing machines and refrigerators in the next six months as compared to a similar period a year ago.

The survey also found that purchases of new cars by farm households for the first three quarters of 1962 were much higher than in 1961... and buying intentions for the six months beginning October 1962 were higher still.

*Business activity along Main Street is improving. From previous studies we know the farmer generally shops in small towns and cities for the goods and services he uses on the farm and in the home.

Based on these studies, we estimate that more than \$1.1 billion of the increased farm income was spent in towns of 5,000 and under, and more than \$1.5 billion in communities of less than 30,000 people.

Increased expenditures by farmers have been and will be of direct benefit to Main Street merchants whether they deal in tractors, automobiles, fertilizer, appliances, clothing, building material and gas and oil.

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There is other evidence of improved conditions in the rural economy. In 618 selected farm counties, total deposits in insured commercial banks at the end of 1961 rose \$408 million, or six percent, from a year earlier. In trading centers of under 15,000, deposits in insured commercial banks increased six percent during the same period.

Further, we have found that in those agricultural counties where cash farm income had improved, retail sales showed a corresponding improvement.

*Improvement in employment in major farm machinery industrial centers has also come with better farm income. In Peoria, Illinois, unemployment dropped from a rate of 5.6 percent in September 1960 to 3.4 percent in September 1962.

In Rockford, Illinois, the rate dropped from 4.6 percent to 3.7 percent during the same period.

In Davenport-Rock Island-Moline, the Tri-City complex, unemployment declined from 4.6 percent to 2.9 percent. In Racine, Wisconsin, unemployment dropped from 4.9 percent to 4.1 percent.

These rates of unemployment in farm machinery centers are significantly below the rate for the nation as a whole and are generally at levels associated with conditions of full employment.

Thus the impact of improved farm income is felt in places far removed from the farmer. Some of it may be due to other factors, but there is a clear relationship between conditions of better profits...of more farm spending...and a generally improved economy.

While this brighter picture is beginning to emerge in the rural economy, there have been corresponding changes for the better in the overall farm picture. Surpluses of government owned grain...wheat and feed grains...are today some 900 million bushels under the peak level reached two years ago...wheat down by 21 percent and feed grains down by 29 percent. The savings in carrying charges alone by the end of fiscal 1964 will be more than \$480 million.

This, then, is the story of agriculture's progress during the past two years. It has not come by accident, but by the action of reasonable men seeking reasonable goals. And it represents only a fraction of what needs to be done in rural America.

Progress has come because we are beginning to realistically face up to some hard facts. We know that during the 1950's, agriculture operated at an excess capacity of six to eight percent. In the 1960's, we anticipate an excess capacity of 10 to 12 percent. We also know that in agriculture, unlike other basic industries, even a small excess in production has a significant effect on prices.

We also recognize that the farm problem has two basic elements -- an economic problem of low income and excess production which has long dominated public attention, and a social problem of poverty and inadequate opportunity in rural areas which no commodity program can alleviate.

It is these three points -- overproduction, low farm income and the social problems of rural areas -- which shape and direct the farm programs which have produced some measure of success in the 1960's.

The course has been charted, and we are optimistic over the prospects for continued improvement in farm income...and farm profits, in new opportunities for those who live by choice in rural America and in the income and profits for those who serve the needs of the farmer and rural community.

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29, 1963

Testimony
of
The Secretary of Agriculture
Orville L. Freeman
on the Economic Report of the President
before
The Joint Economic Committee of the Congress
Tuesday, January 29, 1963

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The situation in American agriculture -- the progress we have made in the past two years as well as our need to consolidate and extend that advance -- calls for full support of the principles and policies expressed in the Economic Report of the President.

I should like to summarize the significance of the President's Report as it relates to agriculture under four headings.

- I. The improvement of the past two years in farm income, and the effect of this rising farm income on non-farm employment and sales.
- II. The potential effect on farmers of the tax reduction proposed by the President.
- III. The significance for agriculture of other measures proposed by the President to promote faster growth, especially measures for education and manpower development.
- IV. The overall importance to agriculture of full employment and accelerated economic growth.

In addition, I should like to call to your attention the emphasis given by the Council of Economic Advisers, in its Annual Report to the President, of the importance of the role of agriculture in our international trade position.

I.

Improved Farm Income

The past two years have seen a meaningful increase in farm income. Net farm income in 1962 was a billion dollars more than in 1960. Even of more personal interest to each farmer was the average increase in net income per farm of \$450.00. This is a significant average increase of over 11 percent, raising the average income of \$3,075 per farm in 1960 to an average of \$3,525 in 1962.

This trend is encouraging. The need for further improvement is highlighted by the fact the average per capita farm income is still under 60 percent of the average non-farm income.

More prosperity on the farm very quickly is translated into greater prosperity in our towns and cities. Between 1960 and 1962 gross farm income increased over $2\frac{1}{2}$ billion dollars. This has had a pervasive stimulating effect on the economy, and particularly in the smaller rural communities that are closely associated with agriculture. The increased flow of income to farmers in the 2-year period generated roughly 200,000 additional jobs, ranging from the rural trading centers to the large industrial centers such as those where much of the farm machinery industry is concentrated. USDA is now studying the effect on Main Street of increases in farm income. Some preliminary estimates are presented here.

Increased farm income brings more jobs in industry

For example, the increase in farm purchasing power was translated into increased sales of farm machinery. Between 1960 and 1961, the value of tractor shipments for domestic use rose 23 percent. The domestic

shipments of other farm machines and equipment increased only slightly in 1961. But in the first nine months of 1962, the value of shipments both of tractors and of other farm machinery ran some 8 percent above the same period in 1961.

This increased activity in farm machinery, flowing out of the enlarged farm purchasing power, showed up in increased employment and a sharp reduction in unemployment in the important farm machinery industrial centers.

In Peoria, Illinois, the unemployment rate dropped from 5.6 percent in September 1960 to 3.4 percent in September 1962.

In Rockford, Illinois, the rate dropped from 4.6 percent in September 1960 to 3.7 percent two years later.

In the Davenport-Rock Island-Moline area, the unemployment rate dropped from 4.6 percent to 2.9 percent.

In Racine, Wisconsin, unemployment in September 1960 was 4.9 percent of the work force. In September 1962 it was down to 4.1 percent.

These recent rates of unemployment in farm machinery centers are significantly below the rate for the nation as a whole and are generally at levels associated with full employment.

The events in the farm machinery industry are clear illustrations of the beneficial effects of the increase in farm income on employment opportunities in industrial centers substantially removed from the farm production line.

Increased farm income invigorates the small town

The attached table shows the increase in farmers' expenditures between 1960 and 1962 for some important categories of goods and services

used in farm production and in farm family living. According to a survey of farmers' expenditures made some years ago, most of farmer purchases of these items are made in small towns and cities. Based on that survey, it is estimated that more than 1.1 billion dollars of the increased farm income between 1960 and 1962 was spent in towns with populations of less than 5,000 and more than 1.5 billion dollars in places of less than 30,000 people. These figures are probably low since no information is available on the distribution of some categories of expenditures.

It is evident that the increased expenditures by farmers for the wide variety of things they buy has been directly of benefit to the merchants of Main Street whether they deal in tractors, automobiles, feed, fertilizer, building materials, food, clothing, gas and oil, etc. This development has invigorated the small merchant and the rural community which were subjected to increasing economic pressures during the 1950's essentially as a result of declining farm income.

There is other evidence of an improved situation in rural communities stemming from the increase in farm income. In 618 selected agricultural counties, total deposits in insured commercial banks on Dec. 31, 1961 rose 408 million dollars, or 6 percent, from a year earlier. In these selected agricultural counties, there was 7.2 billion dollars on deposit Dec. 31, 1961 in insured commercial banks. Also, in trading centers under 15,000 in population, deposits in insured commercial banks on Dec. 31, 1961 was 37.4 billion dollars, 2.2 billion dollars, or 6 percent higher than on Dec. 31, 1960. Thus, local funds have been built up to provide the means for increasing investment and more rapid economic growth in rural areas.

Specific county illustrations

The close relationship between farmers and Main Street is illustrated by the following developments which occurred in 1961 as compared with 1960 in selected farm-oriented counties in different types of farming areas distributed around the nation.

Cash farm income on representative dairy farms in Sullivan County, New York, increased 2 percent in 1961 over 1960; retail sales in that county over the same period increased 1 percent.

On typical dairy-hog farms in Dodge County, Minnesota, cash income was up 6 percent; county retail sales up 3 percent.

Cash income on typical egg farms in Cumberland County, New Jersey, was up 1 percent from 1960 to 1961; county retail sales moved fractionally higher.

In Desha County, Arkansas, cash income on typical cotton farms rose 15 percent; retail sales were up 2 percent in the county.

Cash income on typical sheep and cattle ranches in Greenlee County, Arizona, was up 16 percent in 1961 over 1960; retail sales were 13 percent higher.

On representative cattle ranches in Johnson County, Wyoming, cash income rose 38 percent; retail sales rose 2 percent in that county.

Cash income on representative hog fattening-beef raising farms in Linn County, Missouri, was up 11 percent; retail sales in the county were up 2 percent.

On typical hog-dairy farms in Clayton County, Iowa, cash income rose 14 percent; county retail sales were about 2 percent higher.

Cash income on typical cash grain farms in Jasper County, Illinois, rose 8 percent; retail sales were up 4 percent in that county.

On representative tobacco farms in Jones County, North Carolina, cash income increased 5 percent; retail sales went up 3 percent.

In Early County, Georgia, on typical peanut-cotton farms, cash income went up 11 percent; retail sales in the area rose 3 percent.

But the relationship also works the other way. That is, a decline in farm income diminishes trade.

On typical wheat-small grain-livestock farms in Bottineau County, North Dakota, cash income dropped 49 percent due to drought conditions; retail sales in the county declined 4 percent from 1960 to 1961.

Cash income on typical wheat-corn-livestock farms in Dickey County, North Dakota, was down 5 percent; county retail sales were also down 5 percent.

In Lincoln County, Washington, on typical wheat-fallow farms, cash income was down 2 percent; retail sales in the county dropped about 5 percent.

In the winter wheat area, cash income on typical farms in Rawlins County, Kansas, dropped 3 percent; retail sales in the county were down 2 percent from 1960 to 1961.

HOW AND WHERE FARMERS SPENT THEIR ADDITIONAL INCOME IN 1962

(Increases in expenditures by farmers, by item and by size of place where purchases were made)

Expense Item	Total Increase 1960-1962	Estimated expenditures in towns with population of:		
		Under 5,000	5,000--29,999	30,000 and over
<u>Million Dollars</u>				
Feed	438	337	88	13
Tractors	131	86	34	11
Automobiles	185	98	57	30
Fertilizer, lime and pesticides	63	47	13	3
New construction	133	96	31	6
Repair and operation of buildings	152	109	35	8
Food	330	234	75	21
Clothing	160	67	56	37
Household furnishings	95	55	29	11
Sub total	1,687	1,129	418	140
Other and savings	892	---	---	---
TOTAL	2,579			

II

Effect of Tax Reduction on Farmers

Reduction in Tax Payments

The most immediate impact of tax reduction on agriculture is the cut in tax payments. Farm people now pay about \$1-1/3 billion in Federal income taxes. Most of this comes from taxpayers in the lower brackets. We estimate that the 3-year reduction in tax rates will reduce the tax liability of farm people by \$250-\$300 million, or about 20 percent, with a corresponding increase in the amount of income, after taxes, that farmers have at their disposal. Besides providing some relief from the continuing cost-price squeeze, this tax saving will enable farmers to increase their purchases of farm machinery, equipment, and other industrial products. It will also enable them to increase their purchase of consumer goods so as to enjoy a higher level of living.

Capital Gains

Reduction of the rates on capital gains will be of significant benefit to farmers. Over the years, a large part of the total profit in farming has taken the form of capital appreciation in land. A man who bought a farm in 1940, for example, and sold it in 1962, would realize a very substantial capital gain. Reports of the Internal Revenue Service indicate that roughly 100,000 returns filed in 1959 showed capital gain or loss from sale of farmland.

Tax Benefits to the Aged

Almost 10 percent of the rural farm population--about 1.3 million persons--are 65 years old or older. Another 1.3 million will reach that

age within 10 years. The proposed changes in the tax treatment of older people thus is of direct concern to these farm people.

Under existing law a taxpayer can take an additional \$600 exemption. The proposed change would eliminate the additional \$600 deduction and replace it with a \$300 credit against taxes otherwise owing. Nearly all farm taxpayers will realize a tax saving from the substitution of a \$300 tax credit for the \$600 extra exemption. Many will be exempt altogether.

Averaging of Income

Returns from farming in many areas of the country vary greatly from year to year, depending on the vagaries of the weather, changes in farm prices, and other factors. For example, a typical winter wheat farmer in the Southern Plains had a net income in 1957 which was three times his net income in 1956. Farmers in these areas must therefore depend on their earnings in good years to carry them through the bad years. Present revenue laws discriminate against individuals whose incomes fluctuate in this fashion. A proposal for averaging incomes over a period of years, which the President has indicated will be submitted, would relieve many farmers of this tax penalty.

Depreciation Reforms

While not part of the President's 1963 tax proposals, the depreciation reforms put into effect last year have been of notable benefit to farm taxpayers. According to Treasury Department estimates, the annual tax saving to farmers from liberalized depreciation rules approximates \$90 million.

III

Education and Manpower Development

Interdependence in the American economy is such that all measures designed to promote faster growth in general will be reflected, in the long run, by advantages to agriculture. But two proposals in the President's Economic Report are of especial significance.

Improving educational opportunities by measures to insure a more adequate flow of resources into education are of particular concern to rural areas. In much of rural America there is a great need for greater educational opportunity, for both children and adults. The proportionate number of people needed in farming is steadily declining. Underemployment prevails in our depressed rural areas. Technical and vocational training is needed to provide nonfarm opportunities for many who cannot find opportunity in agriculture to earn an adequate living.

The President's recommendation of a Youth Employment Opportunities Act, to develop the potential of untrained and inexperienced youth and to provide useful work experience is one in which we are also especially concerned. Farm youth, as well as young people in the cities, will gain from increased opportunities to qualify for and to find constructive employment.

IV

Benefits from General Economic Stimulation

Probably the most significant benefit to agriculture is that flowing from the general economic stimulation this tax reduction will produce. Each year a large number of farm people, many of them youths

just entering the labor market, go into nonfarm occupations. The non-farm economy benefits from this influx of trained and productive workers, agriculture benefits from reduction in underemployment and unemployment in that sector, and all workers, farm and nonfarm, benefit in being able to earn more satisfactory incomes. A lagging economy, with large-scale unemployment, can make only limited use of the workers an increasingly efficient and productive agricultural sector is making available. By stimulating economic activity throughout the country, this tax reduction can open up jobs for farm youth, aid in the development and revitalization of the local economy of rural areas, and enlarge part-time employment opportunities off the farm.

Agriculture and International Trade

I would like to call your attention to the recognition given to the role of agriculture in international trade by the Council of Economic Advisers, particularly in Chapter 4 of its Report. USDA's program to promote the export of agricultural products and commodities is noted. Support is given to the position this nation has taken to try to keep open the market for our farm products in the EEC. Its importance is indicated by this paragraph from the CEA Report.

"How the Community implements its Common Agricultural Policy will determine, more than anything else, how the nations of the free world develop their agricultural policies--whether these policies are internationally or nationally oriented, whether they promote efficient production and competitive trade or lead to protected national and regional markets in which resources are used inefficiently. The Community's agricultural policy will also affect the entire course of free world commercial policy. Industrial and agricultural trade are closely inter-related and it would be difficult and shortsighted to try to maintain highly protective barriers in one and free competition in the other."



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U. S. Department of Agriculture
Office of the Secretary

4,1963 Secretary of Agriculture Orville L. Freeman said today that employment in the Department's agency most directly concerned with farm programs is declining.

He told the Des Moines (Iowa) Farm Institute, meeting in its 25th session, that full-time Federal employment in the Agricultural Stabilization and Conservation Service has been reduced by nearly 600 persons in the past two years. He indicated the downward trend would continue.

ASCS is the Department agency which administers farm commodity programs in the field and supervises storage and disposal programs of government owned farm commodities. Total employment in the agency at the beginning of this year was 7,071 as compared to 7,646 at the beginning of 1961.

"This reduction in personnel as of January has come about not because there is less to do, but because we are finding more efficient ways to do more work with fewer people in the administration of farm programs and in the handling of commodity stocks."

The Secretary noted that in the past two years a substantial reorganization of ASCS has been carried out in the field to consolidate regional offices which supervise storage and handling of government owned commodities and also in the Washington office to streamline the administrative staffs.

Address by Secretary of Agriculture Orville L. Freeman before the National Farm Institute, Des Moines, Iowa, February 14, 1963, 6:00 p.m., CST.

"We have sought in these reorganizations to prevent personal hardship on individual employees, and the reduction has come through retirement, vacancies created by normal turnover and other personnel shifts. In those cases where commodity offices have been closed or transferred, employees are given first choice of jobs in new locations. For those who do not want to move, we are assisting them in finding new jobs."

The Secretary said he was citing the ASCS example to correct a growing public misconception that Department employment grows while the number of persons employed in agriculture continues to decline.

"I want to make it clear that the number of USDA personnel is increasing, but the increase is coming in those areas and programs where increased demands are being made for services which benefit all 186 million American citizens.

"The Department of Agriculture today provides more consumer services than any other agency or Department...it provides the bulk of research not only to help the farmer become more efficient, but also to provide the new food and clothing products which the consumer demands, the advances in transportation and packaging efficiency and the design of modern retail stores...it watches continually to insure competitive conditions in the meat industry...and it guards the commodity exchanges to prevent unscrupulous practices...it protects the vast soil, water and

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forest resources of the people...it carries an extensive programs to improve the diet of all Americans, and makes food available for those who do not have enough...and it gathers valuable commercial information at home and abroad which can be obtained from no other source:

In those areas, a comparable record of efficiency with that of ASCS can be found. A population that grows by some 8,000 persons a day brings new and increasing demands for services which the USDA provides. These demands are being met by fewer new employees than the expansion in services would have required if we were using systems and procedures in effect even two years ago.

The Secretary cited these specific examples:

*In the last two years employment under the Packers and Stockyards Program increased by about 34 persons, while at the same time the number of market dealers and agencies registered under the P&S Act increased by 5,700. In the same period, the number of packers supervised by the agency increased by nearly 700. And during fiscal 1962, some 95 criminal and civil cases were referred to the Department of Justice for action, as compared to 26 in 1960.

*Employment in poultry inspection increased 20 percent between 1960 and 1962, while the volume of poultry products inspected increased by 38 percent.

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*By mid-1962, the number of needy persons receiving food under the direct distribution program had nearly doubled from two years earlier. The increased workload is being handled by about 40 percent increase in employment.

*In the past two years, the USDA has opened nine new research laboratories, including four soil and water conservation research facilities, and three new insect laboratories dedicated to finding safer, more effective ways of controlling pests. The need for these facilities was determined and construction authorized in the late 1950's, and they are now being staffed.

"To bring this closer to home, let me cite the new Animal Disease Research Laboratory opened last year in Ames. It brings together in one place research facilities which were scattered over several locations, and it has increased USDA research employment in Iowa to 947 persons, up about 450 from 1960. We consider the lab and its staff essential because every advance in the conquest of a major animal disease represents progress for the farmer and the consumer. The new facility, in addition, provides an enormous boost for the economy of the community. We estimate that it brings several million dollars annually into the community," Secretary Freeman said.

*Employment in the Meat Inspection Service has increased about 3 percent since 1960, while the number of plants requiring this service has increased about 11 percent.

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"Let me also bring this situation closer to home," the Secretary said. "Last year, a packing plant in Sioux City wanted to get additional meat inspection service so that a second shift could be added. With some difficulty, we were able to meet this new demand--and 30 additional people from or near Sioux City found new jobs. The same story can be told in Dennison, Iowa.

"At Fort Dodge, we were able to suggest design changes in a new packing plant being built which would reduce the number of meat inspectors from six to four without affecting the rate of production."

*Since 1957, the number of recreation visitors to the National Forests has nearly doubled. Last year the total reached more than 112 million visits. To cope with the increased load, Forest Service built in 1962 over 3,000 additional camp and picnic units and rehabilitated almost 10,000 others. The Service developed 35 new major recreation sites last year, including ski areas, swimming sites and scenic overlooks. Hunting and fishing visits in National Forests are increasing eight times faster than the nationwide sale of hunting and fishing licenses. Last year 4,300 miles of forest development road, 180 miles of trails and 300 bridges were built in the National Forests. In 1962, over 175,000 acres of rangeland were revegetated and over 1,000 stock ponds were developed.

While the uses, and users, of National Forests have been multiplying at an increased rate, the number of acres of timber lost through forest fires dropped in 1962 to the lowest level on record.

Each activity, whether it provides better recreation opportunity, more timber to supply the mills, better rangeland or better protection to water and timber resources can be met but it requires more USDA personnel. Forest Service employment in midyear 1962 was 26 percent higher than in 1960, and 46 percent higher than in 1957.

*In two years, the number of small watershed programs authorized for construction has more than doubled and those authorized for planning have increased about 70 percent. In those areas where these projects are being completed, new industries are developing, recreation opportunities are expanding and water supplies are becoming stabilized. During the same period, total paid USDA employment in Soil Conservation Service has increased less than 3 percent.

*Since 1960, the Farmers Home Administration has expanded its volume of dollars loaned by more than 160 percent, and is now providing housing credit services to the aged and to nonfarm rural residents where adequate private capital is not available. Rural community water systems are also being financed by the agency. They are handling the increased load with a 4 percent increase in manpower.

"I am proud that the Department has been able to expand essential public services up and down the line with as small an increase in personnel as has taken place. In FHA, the personnel actually did the equivalent work of 260 extra employees through overtime without compensation.

"We do not expect, or ask, employees to do this, but we are grateful that they are willing to put this kind of extra effort into serving the farmer, the businessman, the consumer...the people.

"These improvements which are providing more effective service are the result of Department-wide cooperation combined with the application of modern administrative techniques. We are continually searching for more efficient ways of serving the public through incentive awards to USDA personnel, through employee staffed self-survey teams and through our Office of Management Appraisal and Systems Development.

"The results which are evident thus far should make the people of this country proud of their public servants in the Department of Agriculture."

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U. S. Department of Agriculture
Office of the Secretary

15, 1963

I am grateful for the opportunity to be here today at this R-ASF Institute. I am sure that I can learn much from you about your problems and your concerns...and I hope to give you a much clearer understanding of how the Department of Agriculture works to serve the poultry industry.

We come together at a very appropriate time. Your industry, one of the most phenomenal growth industries of our time, has come to maturity as a large scale business operation. This development has come in a remarkably short period of time. Less than 25 years ago, poultry growing was a small scale activity mainly carried on as a casual sideline on the farm. This is still true in most countries today.

But in this country we have combined research, technology and good management to build a huge and complex industry which produces one of the most economical and best all-around sources of protein foods available today.

I think I can illustrate this best with a story one of your industry leaders told me recently. He had just returned from a visit to the Soviet Union where he told a Russian expert that here in this country we were able to convert 7.5 pounds of feed into a three pound broiler in about 9 weeks.

Address by Secretary of Agriculture Orville L. Freeman before the Institute of American Poultry Industries, Municipal Auditorium, Kansas City, Missouri, February 15, 1963, 11:30 a.m., CST.

The Russian thought my friend was doing some idle boasting. He couldn't believe it, and said such an achievement was impossible.

My friend invited him to come to the United States and see for himself. The Russian came and we demonstrated not only the truth of the statement...but that we can and are doing even better today in some of our research projects.

This progress through research and business organization has put poultry on the dinner table as a regular, everyday item. Chicken is no longer a special food reserved for the Sunday meal. In recent years you also have been showing consumers in other nations that poultry does not have to be a specialty food item. The rapid growth of our export market in poultry products attests to the success of your efforts in foreign markets.

And it is this new and profitable market which I would like to discuss with you here today. It holds great potential for future sales, but it also is clouded in some areas of the world by new and as yet unresolved problems in trade relations.

Adding up your exports of poultry meat, eggs and breeding stocks, we find that last year your industry did about \$100 million worth of export business. Compared to your total marketing, these sales look small. But compared to export sales of \$38 million just five years ago, they represent a substantial increase.

Wherever American poultry has been introduced in the world market, consumers have responded quickly and favorably. This is especially true in Western Europe, where consumers are more prosperous than ever before... and where the major portion of your export market has been built.

The outstanding example of a new market for your poultry is, of course, West Germany. Following its wartime recovery, the West German economy has been booming...and consumer demands for all types of food have been increasing. With prosperity has come a strong increase in demand for meat products, for protein foods of all kinds.

For most Germans, poultry meat was a luxury product. This situation began to change in 1958 when the West German government began making foreign exchange available for poultry imports.

With this action, the boom in export sales was underway. For several years, the Department of Agriculture had been building a vigorous and aggressive trade promotion program to expand the volume of agricultural exports.

We work actively with every major farm commodity group in jointly financed programs. Currently we have promotion programs operating in 50 countries in cooperation with 40 trade groups. In the

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last six years we have participated in 169 international shows in 28 countries. All this work is backed up by the support of agricultural attaches in 61 important posts throughout the world.

In Germany, the Department teamed up with your organization to launch a vigorous sales promotion campaign on poultry. The response of the German consumer was strong and positive. The reasons for this are fairly obvious.

Before we were able to sell in the German market, poultry meat cost the German consumer several cents per pound more than most red meats. Once we entered the market, even after paying a five cent per pound duty, U. S. poultry sold well below the prices for red meat. As a result, U.S. poultry sales have climbed within four years to 155 million pounds on an annual basis.

We did not pre-empt the German market by this action, rather our entry has expanded the market for all producers. German farmers, during this four year period, increased their production from about 154 million pounds to over 260 million pounds. The Dutch and the Danes stepped up their exports from 50 million to 230 million pounds. I believe these figures demonstrate that our efforts to expand the volume of farm commodities flowing into world trade have a positive effect far beyond that of building new markets for U.S. farmers. It has also built markets for other farmers by creating new demands which benefit them as well as us.

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Thus, we have been very proud of the success you have achieved in building an export market for poultry in Western Europe...and we are proud of the part we played in assisting you.

However, as you know, the success story of yesterday frequently is old news today. A year ago, German consumers were able to buy your poultry by paying a 5 cents a pound import duty. At that price you could compete with other suppliers. But today the import fees have been jumped to over 12.5 cents a pound, and even your superior efficiency cannot overcome this disadvantage.

Something happened, and that something is the Common Market. There are some basic facts which all of us need to understand about the Common Market. First, and most important, it was not formed to benefit the United States. It was formed as an economic community of six European nations--France, West Germany, Holland, Belgium, Luxembourg, and Italy--to eliminate tariffs and trade barriers among themselves. They organized this union, this Common Market, for their own benefit.

Nor should the Common Market be confused with the new Trade Expansion Act which the Congress passed last year. This Act recognizes that the Common Market is an established fact...that it is a trading bloc of potentially enormous power...that we will need new tools to deal with it. This Act provides one such tool. But the Trade Act applies to trade with other countries, and not just to the Common Market. Next year when the so-called Kennedy round of trade negotiations begins in Geneva under GATT, we will go to the bargaining table in a stronger position because of the Trade Expansion Act.

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With this in mind, let's take a closer look at what has happened to our poultry exports under the new systems and procedures of the Common Market. The import regulations of the Common Market countries are extremely complex and, unfortunately, are unfavorable to some of our agricultural products. A look at the nature of the new hurdles your poultry has to overcome will illustrate this.

The former nickel a pound duty was a simple duty, easy to understand and easy to handle. But today's 12.5 cents a pound fee is complicated. Let's say you ship some broilers to Hamburg and land them there at a price of 31 cents a pound. First, a supplemental levy of 2.3 cents a pound is added to make sure no poultry comes in at less than the "gate price" of 33 cents a pound. Next, there is added a 10-1/2 percent German duty, followed by a 2 percent Common Market duty. Then there is added a charge which equates to about 6 cents a pound, specifically to protect German poultry producers because they have higher feed grain costs than you do. Together, these fees come to over 12.5 cents.

Not only are the new import regulations complicated but also they are rigid. As our exporters and European importers deal with one another, there is little room left for the small premiums and discounts that are such an essential part of normal commercial trade. I know of no aspect of our own marketing system that is in any way comparable with the red tape that has been built into the Common Market system as a means of protecting its membership.

The poultry industry is in good company -- for your problem is shared by our wheat and feed grain growers, our flour millers, our rice growers, certain of our fruit and vegetable growers, and our livestock people. These are products in which the six Common Market countries expect to do business with one another first, and with countries such as the United States only to fill the remaining gap. The amount of your exports threatened by Common Market trade policies represents about a \$50 million annual business. When we add the other American farm products affected, the threat to our agricultural exports totals nearly \$500 million.

As you know, we in the Department have long been alarmed by this trend toward uneconomic self-sufficiency on the part of Common Market agriculture. We know it is a tough problem...you know it...the President knows it...and the State Department knows it. Your problem...our problem... has one of the highest priorities in our work.

We have taken vigorous steps to protect our rights in these trade matters. Last year we concluded an extensive round of tariff negotiations with the EEC. We were trying to agree on a single system of tariff for the EEC. to replace the individual tariffs of the 6 member countries. We found it very hard to reach agreement on agricultural products. On imports that competed with its own farm products, the EEC refused to give us new fixed tariff rates. They proposed instead to withdraw the old tariffs and apply variable levies to imports. We refused to close the negotiations on this basis since it gave us no trade assurance. The President agreed with us. He sent Under Secretary Charles Murphy to Europe in early 1961 with special instructions. As a result in the final agreement signed ending these long and difficult negotiations the EEC agreed to "stand still" agreements on wheat, corn, grain sorghums, rice, and poultry.

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Under the "stand still" arrangement the EEC agreed there would be further negotiations, and that they would be conducted on the basis of the rights we previously held.

Since that agreement we have pressed continuously for the trade rights to which we are entitled. We have done this by daily contact with the Common Market Commission and with the members of the governments of the six Common Market nations.

Poultry trade was immediately hurt by EEC regulations. There is no product which I have given more attention. It was one of the subjects I discussed on each of my three trips to Europe to discuss trade problems.

On one of those trips last November, it was my privilege to make a far-reaching policy statement in Paris setting down our government's position on our trade relations. In this speech I emphasized that all of us would benefit from a high level of international trade. I asked the Common Market to keep in mind their responsibilities as the world's largest importers of agricultural products as it developed its agricultural policy. I said we should have the opportunity to compete fairly in the Common Market.

In spite of our efforts thus far, you know we have not accomplished our goal of obtaining competitive access. You know we have not been able to substantially improve the competitive position of American poultry in Germany, but, there has been some progress.

In one instance, the German government was attempting to make a double collection of the 2.8 cent gate differential. They dropped this

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effort after we protested to the Common Market Commission that such action would constitute a double charge. Recently we were able to obtain reduction in the uniform gate price of about one-half cent, resulting in a reduction from the former level of 2.8 cents per pound to 2.3 cents. Although this is not significant, it is an encouraging step forward.

We have been promised that further study will be given to the question of reducing the gate price levy and the gate price itself below the current level of 33 cents per pound. This would require a unanimous vote of all members of the Common Market and we anticipate this review will be made this month. In preparation for this, we sent a technical team to Brussels in January to review the Common Market fees on poultry. Their primary task was to provide the Common Market staff people with technical information on the economics of the poultry industry which we feel is not being adequately considered in establishing the gate price.

This team of highly qualified experts emphasized that we feel the gate price on broilers is clearly higher than would be justified by U.S. costs. Actually they were able to show that it was even higher than is justified on the basis of costs in Denmark, the other major exporting country,

I am not going to try to predict what the EEC will decide to do this month. I can assure you we shall continue to press vigorously for meaningful reductions which will lower the fees to more equitable levels. We will keep pressing hard until we obtain a satisfactory reduction in German export levies on poultry and a significant modification of the EEC gate price to remain in effect until permanent access arrangements can be negotiated.

Now let me comment a moment on long term agreements.

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To help us negotiate long term arrangements we have the authority of the Trade Expansion Act of 1962. The President himself has made it clear this Act is to be used to negotiate access to export markets for agricultural as well as industrial products. In his Farm Message January 31 to the Congress, the President said:

"The American farmer is one of our best foreign exchange earners. It is our firm policy to maintain and expand these exports. We do, however, have a special problem of maintaining access to the European Common Market for some of our important agricultural commodities. This Government intends to take every step necessary to protect the full rights due American agricultural exports. We have impressed on our trading partners the vital necessity of a fair agreement as an essential first part of the broad scale negotiations to be undertaken under the Trade Expansion Act of 1962."

We cannot lower our own tariffs while we are denied access to export markets for our agricultural products.

Ambassador Christian Herter, the President's chief trade negotiator, understands this and we can count on his full support in breaking down these trade barriers. Our poultry problem with the Common Market was one of the subjects he took up on his recent trip to Europe. He made it clear that relief from the trade restrictive effects of the EEC poultry regulations cannot wait until the next general round of tariff negotiations which will open in Geneva next year.

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I wish I could point to the calendar and say when we can expect to get some favorable action out of the EEC. I'm afraid I can't. The situation was difficult before, but it has become more confused during the last few weeks as a result of the French veto of the British application for membership. The political confusion caused by de Gaulle's veto has interrupted the normal flow of business in the EEC agencies. The agencies that would be considering changes in the poultry regulations haven't been meeting. This situation will clear up though and we hope soon. In the meantime we continue to press hard on every front.

However, as we bargain hard...and negotiate hard...for sound agreements, we must keep in mind that any real long-term change in the agricultural attitude of the Common Market must come from within. It must come because the people of West Europe want it to come.

For organizations such as this Institute, there are two things that you can capably do: (1) You can continue to give us your advice and assistance, as you are so helpfully doing now; and (2) you can wage your own campaign, through your own trade contacts, to get your story told to the consumers, the working people, the industry and trade people of Western Europe who have so much to gain from continued access to your abundant,

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economical poultry supplies. You can get your story told, too, to the farmers of the Community for they will recognize the obvious unfairness of trying to find solutions to their problems at the expense of farmers elsewhere in the world.

Unquestionably, the stream of world events is moving with us. Industrial Europe, which must have export outlets to live, will not in the long run be able to afford a high priced food supply. It will not be able to afford to ignore more efficiently produced supplies from outside. The efficiency of American agriculture enables the consumer to buy the food she needs for about 19 percent of the family income...in Europe, it requires closer to 50 percent on the average. The disparity is obvious.

We have a great future for exports of poultry and poultry products. Other nations are becoming more prosperous, and the people of the world will become increasingly able to put poultry on their dinner table. Your industry has by far the superior ability to supply this demand as it grows.

I assure you that I will continue, and the President will continue and Mr. Herter and his staff will continue to press for trade policies that will give you the opportunity to use your efficiency to best advantage in world markets.

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U.S. Department of Agriculture
Office of the Secretary

APR 1 1963

C & R-ASF

Late last week I had one of those difficult decisions to make... should I attend an outstanding agricultural event in my home town that I had looked forward to addressing...or respond to an urgent request to meet with the President of the Common Market to review vital matters concerning trade with the EEC. I chose to work for the farmer rather than speak to him, and that is why I am in Washington today instead of in Minneapolis.

I regret that events have developed this way. But Dr. Walter Hallstein, President of the European Economic Community, asked to meet with me...and today is the only day he will be in Washington. I accepted his request because of the critical negotiations which will begin soon on the questions of access to the Common Market for American farm exports. Last year we exported over a billion dollars in farm commodities to the Common Market, so you can see it is a big and important market for the farmer.

When you hear this, we will be meeting together in my office here in the Department of Agriculture. It is fitting, then, that I direct these remarks to the questions which surround our relations with the Common Market, the largest...and richest...economy in the world next to our own.

First, however, I would like to send greetings to my friends in Minnesota. The stories of the cold weather this year have made me more lonesome for the home State...and even Steve Allen's antics at the St. Paul Winter Carnival were not enough to cause me to change my mind.

Recorded remarks by Secretary of Agriculture Orville L. Freeman at the Farm Forum, Minneapolis, Minnesota, Radisson Hotel, 12 Noon, March 4, 1963.

My lonesomeness for Minnesota is compensated to some extent with the satisfaction of participating in the important beginnings of a sound agricultural program. The past two years have brought higher farm income... net farm income in 1961 was \$12.8 billion, up \$1.1 billion from 1960... last year it climbed to \$12.9 billion.

Net income per farm last year was \$540 higher than in 1960... in Minnesota it rose \$545 above the 1960 figure.

Per capita income of farm people rose to \$1,430 in 1962 from \$1,373 in 1961 and \$1,255 in 1960.

Gross farm income increased to \$40.6 billion in 1962, up nearly \$750 million from 1961...reflecting an increase in government payments of about \$300 million and about \$450 million in higher cash receipts.

Better farm income has brought a higher level of business activity which carries from the Main Street on through to the factory. Barron's Weekly in a recent article on the farm equipment industry described 1961 and 1962 as "THE TWO FAT YEARS" for farm implement makers. I hope nothing happens in 1963 to change the trend.

Grain surpluses are being reduced. CCC holdings of wheat and feed grains are over one billion bushels less than the peak quantities held in 1961 before the new programs were effective. It means the 1964 budget for carrying charges on these grains will be \$264 million less than was spent in fiscal 1961...or \$770,000 per day...and \$813 million less than our costs would have been this year had we done nothing to change the pre-1961 programs.

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While the farmer has been doing better, and surplus stocks of wheat and feed grains are coming down...the consumer continues to enjoy a bargain in food. Last year, in fact, food costs took only 19 percent of the average family income -- the lowest in history...and far less than people in any other nation pay today.

The improvements in farm prices and income...the commodity side of agriculture...are being reinforced today through a new program designed to aid the communities of rural America. We call it Rural Areas Development.

Recently, the Upper Midwest Economic Study...which your organization supports and encourages...published an agriculture report which discusses some of the very problems we are attempting to meet through RAD.

The report stated: "The adjustments stemming from the 20th Century agricultural revolution do not end with directly related farm businesses such as machinery dealers and grain handlers. The adjustment affects overflow into long-standing social and political institutions such as rural churches and schools, township and county units of government, and taxation policies. The rural towns and even the large cities are deeply involved."

RAD seeks to ease the adjustment...not by forcing people in rural areas to seek better opportunity in the city...but by bringing new resources and better opportunity to the rural community. People should have equal job opportunities in rural areas as well as urban areas...and this can be done by using land, not idling it...by using resources in ways that conserve, and serve the real needs of all people.

The prosperity of rural America rests on both new opportunities in the rural community and continued strengthening of the income of the farmer. On this second point, the future developments in our trade relations with the world...and particularly with the Common Market...will have a strong and direct effect.

The United States is the world's largest exporter of farm products. U. S. farmers in 1961 supplied about one-fifth of the world's agricultural exports. U. S. agricultural exports in 1961-62 were enough to fill over one million freight cars, or 4,500 cargo ships. In moving these exports, an average of 12 ships departed each day. In the fiscal year 1962, U. S. agricultural exports set a value record of \$5,141 million, equal to one-sixth of all cash receipts from farm marketings.

Our major commercial markets in fiscal year 1962 were the European Economic Community, Canada, Japan, and the United Kingdom. These areas took 76 percent of all agricultural exports for dollars, while other West European countries, excluding the U. K., bought another 8 percent.

Before discussing some of the specific problems and opportunities we have in the EEC, there are some basic facts which all of us need to understand about the Common Market. First, and most important, it was not formed to benefit the United States. It was formed as an economic community of six European nations--France, West Germany, Holland, Belgium, Luxembourg, and Italy--to eliminate tariffs and trade barriers among themselves. The United States gave strong support to the pioneers in this undertaking, because it believed a strong United Europe would contribute to the strength and security of the free world.

Nor should the Common Market be confused with the new Trade Expansion Act which the Congress passed last year. This Act recognizes that the Common Market is an established fact...that it is a trading bloc of potentially enormous power...that we will need new tools to deal with it. This Act provides one such tool. But the Trade Act applies to trade with other countries, and not just to the Common Market. Next year when the so-called Kennedy round of trade negotiations begins in Geneva under GATT, we will go to the bargaining table in a stronger position because of the Trade Expansion Act.

I believe the importance of the Trade Expansion authority can be better appreciated when we understand that the basic problem with the Common Market is not so much one of price as it is of gaining access to markets.

U. S. farmers are the most efficient in the world. But efficiency is of no help in gaining markets unless there is a chance to compete and that is the heart of our problem with the Common Market for a large number of agricultural products we sell them...wheat, feed grains, rice and poultry. On most agricultural imports that compete with its own production the Common Market has set up a system of variable levies and minimum import prices. This system contrasts sharply with the old system under which we had fixed rates of import duties on those products when they entered Common Market countries. The effect of this new system is to insulate farmers within the Common Market from outside competition. They say to their own farmers we guarantee you a market for all you can produce. If these variable levies

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are combined with high internal support prices, then farmers will have a powerful incentive to expand production. The result would be less and less need for imports.

With wheat, for example, the present price support level in France is high by U. S. standards but still the lowest on the Continent. At these prices we would expect the Common Market to continue to meet some of its food needs with imports from other countries. We are competitive in the world market...and would share in this market.

If the common internal price which must be set by 1970 is substantially above the French level, then we would expect French production to increase behind the high walls of protected supports and supply virtually all needs within the Common Market. France would then in all probability have a surplus of certain kinds of wheat which would flow into world competition,

Not only are the new import regulations complicated but also they are rigid. As our exporters and European importers deal with one another, there is little room left for the small premiums and discounts that are such an essential part of normal commercial trade. I know of no aspect of our own marketing system that is in any way comparable with the red tape that has been built into the Common Market system. Further, there are no built-in safeguards in Common Market regulations that require notice of changes, and provide affected parties the opportunity to be heard.

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Let me hasten to point out that over 60 percent of our agricultural exports to the Six do not come under this variable fee system. Non-fee items are admitted on favorable terms because they are non-competitive with their local production. We can expect a growth in these exports.

Soybeans which are of major interest to Minnesota farmers are in this category. Five years ago we sold the Common Market countries about 25 million bushels of soybeans a year. During the current marketing year we expect our sales to the six countries to reach 60 million bushels. The increase in sales of soybean meal has been even more fantastic. In five years they have increased from a level of about 85,000 tons a year to over 700,000 tons.

The future sales of both soybeans and soybean meal look bright. We expect the Common Market demand to continue to increase.

As to the remainder of our farm exports to the EEC, we can hope to maintain access by insisting upon our existing rights and by negotiating for further concessions. The new authorities under the Trade Expansion Act will be most helpful. We plan to use them to achieve an interlocking system of liberal and expanded trade for both industrial and agricultural products. We will insist upon treating negotiations on both as a single package, particularly with the Common Market. Since we sell the Six more than four times as many farm products as we buy from them, we must be prepared to offer concessions on industrial exports in exchange for concessions we receive on farm products from the Common Market bloc.

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We have indicated to the Common Market that the U.S. could not negotiate further reductions in industrial tariffs while being denied access for major agricultural commodities.

In the months ahead, the United States Government will be engaged in important trade negotiations, particularly for the markets of Europe. We cannot negotiate effectively in an ivory tower. With negotiations, we must also get our point of view across to foreign consumers. In this we need your help.

Unquestionably, the stream of world events is moving with us. Industrial Europe, which must have export outlets to live, will not in the long run be able to afford a high priced food supply. It will not be able to ignore more efficiently produced supplies from outside. The efficiency of American agriculture enables the consumer to buy the food she needs for about 19 percent of the family income...in Europe, it requires closer to 50 percent on the average. The disparity is obvious.

As Secretary of Agriculture, there is no problem I have given more attention than the one of protecting our export markets for farm products. Our efforts in this connection have had the full support of the President. The President himself in the last round of tariff negotiations insisted that our agricultural exports to the Common Market be protected.

I will continue, the President will continue, his Special Trade Negotiator, Ambassador Christian Herter and his staff, and the State Department will continue to press for trade policies that will give farmers the opportunity to use their efficiency to best advantage in world markets.

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U.S. Department of Agriculture
Office of the Secretary

1963
Almost a year ago at the White House Conference on Conservation I outlined a new proposal to expand the role of conservation...to give it new dimension...and to use this new dimension to help unravel one of the great paradoxes of our modern age.

The proposal would apply more broadly the concept of multiple-use of resources to private lands. By doing so, a bright ray of hope is focused on the paradox of an overabundance of food and a growing shortage of outdoor recreation.

I believe the answer to one can be found in the solution of the other--thus actually applying a basic principle of conservation.

What I described last May were general proposals contained in legislation then pending before the Congress. These proposals became the Rural Areas Development sections of the Food and Agriculture Act of 1962. The support we received from the groups represented at this conference was instrumental in the enactment of these proposals.

I am grateful for that support...and I am here today to describe in specific terms how we are moving with your help to give form to this new dimension of conservation.

Address by Secretary of Agriculture Orville L. Freeman at the 28th North American Wildlife and Natural Resources Conference, Statler Hilton Hotel, Detroit, Michigan, March 6, 1963, 2:00 p.m., (EST).

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I also want to challenge you...to call forth your energy and your experience...your support...for the difficult and exciting task ahead as we begin to translate new ideas and new programs into progress. In a very real sense we are exploring an uncharted frontier in this program. There is little to guide us other than the knowledge of what needs to be done and the philosophy of conservation.

Thus we seek to shape the great forces of change sweeping rural America...helping to direct these forces into channels that benefit all of us--farmer, rural nonfarmer and city dweller alike.

If that sounds like trying to harness a whirlwind...then so be it.

Let's take a look for a moment at some of the forces in this whirlwind.

One is the simple fact that American cropland is producing more food and fiber than we can consume, export for dollars, or use effectively in the Food for Peace program. Such a flat statement may shock you, but it's true. The implications that flow from this situation are complex and far reaching.

For one thing, despite the immense productivity of the farmer--who represents less than 8 percent of the nation's work force--he does not share equally in the prosperity of this nation. He feeds us better and at less cost than ever before, but his annual income is less than 60 percent, on the average, of nonfarm income. This fact has an important bearing on conservation decisions.

Practical and realistic, as well as idealistic in their love of the land, farmers must take into account the economic facts of life in making conservation decisions. An agriculture harassed by substandard levels of income--with all that this implies in terms of priorities of outlay--is less likely to be willing, or able, to use the land as it should be used.

What does this mean to you...to the urban dweller...to this nation?

Consider this:

1. Nearly three-fourths of all the land in the 48 contiguous States is in private ownership.
2. More than three-fifths of all land in the 50 States is privately owned.
3. This land, with the National Forests, is the great gathering place and reservoir of most of the fresh water for farm, city, industry, fish and wildlife, and recreation.
4. Privately owned land produces 80 percent of the game taken by hunting, and has 85 percent of the wildlife habitat economically feasible of improvement.

Here, on these rural lands near the crowded millions in our cities, convenient and easily accessible, in space for outdoor recreation, and the water, fish, game, wild creatures and woodlands to make outdoor recreation truly meaningful.

The decisions on how these resources are used and conserved belong to the farmer--to those who own and manage the land, its waters, and related resources. The final decision is theirs...this is the way of democracy.

If the farmer must decide under the pressure of inadequate income, then those decisions will relate more to the immediate problems of his economic survival than to the long-range problems of an urban nation increasingly hungry for scarce recreation resources...and for a water supply which is becoming increasingly inadequate.

Agricultural policy and conservation policy for privately owned land must be compatible. They must merge into programs that give fair consideration to farm income and farm levels of living, and that protect, improve and develop natural resources.

And they must go further than this. They must meet the needs of both the farmer and nonfarmer.

This brings me to the second force of this great whirlwind of change we have set out to harness. Outdoor recreation is one of the great unmet needs of the nation today. The Outdoor Recreation Review Commission reports that Americans are seeking the outdoors as never before. It estimates that by the year 2000 the demand for recreation should triple.

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The Department has already felt the impact of this urban created demand. Recreation visits to the National Forests have increased 340 percent in the past decade. Last year there were 113 million recreation visits. We predict that there will be over 300 million visits by 1980 and more than 635 million by the start of the 21st century.

There is no question but that publicly provided recreation facilities will continue to grow in number and importance. In the past 5 years, the Forest Service has built camping and picnic facilities for 100,000 persons...and we will need 283,000 more in 10 years. Last year, 150 miles of sportsman access roads and trails were built by Forest Service. The Accelerated Public Works program also helps. Some 3,500 new family camp and picnic units were constructed and 1,200 were rehabilitated in the first two months of its operation.

Under the Mission 66 program, the National Park Service has continued to expand recreational facilities in the National Parks, and is adding new areas to meet a burgeoning demand. The Departments of Agriculture and Interior recently buried old antagonisms to work together to develop National Recreation areas. Currently, both Departments are jointly planning two recreation areas -- the Shasta-Whiskeytown area in California and the Flaming Gorge area in Utah.

Even these developments, however, will not be enough. Many public areas are too far distant from metropolitan centers to provide for an afternoon outing...and even the projected growth cannot keep pace with booming demand.

But with the expansion of recreational opportunities on privately owned land -- the farms, ranches and woodlands that make up 75 percent of our land area -- the demand can be met. This can be done only by willing rural landowners who are encouraged by urban dwellers who have so much to gain.

This, to a limited degree, outlines the need which propels us into a new frontier of conservation.

But there are other needs which give urgency and importance to this new dimension of conservation.

We are all concerned that our water resources, once believed to be as inexhaustible as the air we breathe, are limited...and are being wasted at a prodigious rate. And even the air is being polluted to such an extent that it also has become a misused resource.

We know that the opportunities for non-farm jobs in rural areas are not adequate. Economists estimate that unemployment and underemployment in rural areas is now the equivalent of 4 million total unemployed...1.4 million on farms and between 2 and 3 million among rural non-farm people.

The key point, I believe, is that we have made...and are making... far too limited use of the resources of rural areas. We have not practiced conservation in its best sense...the wise use of our natural resources to meet the needs of people.

We have too much land producing crops we cannot effectively use... and too few acres producing the recreation we need. By 1980, we estimate that we can meet all needs for food and fiber of a growing population at home and abroad with 50 million fewer acres than we presently have available for cropping.

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Not one of these 50 million acres need be classed as surplus. They need not be idle. Idleness is not, and must never become, a part of conservation policy or of agricultural policy. Land and its renewable resources are for use...for use by people...for the benefit of people.

We guard, we conserve, we renew, and we develop resources...but we also use them.

Over the past 25 years, through our experience in the National Forests and our work with soil conservation districts, small watersheds and with farmer committees, we have evolved on public lands the concept of multiple-use of renewable resources.

We seek now to develop the techniques and procedures necessary to apply this concept into land use patterns on privately owned land in rural America.

Crop production, quality forage for cattle, and suitable habitat for game animals and birds occur on the same farm. Farm ponds stocked with fish...shrubs planted along fence rows mean better more diversified use of the land. Timber, water wildlife habitat, upland game, forage, crops and recreation can be produced at the same time on the same land -- on farms, ranches and forests reaching from one end of this country to the other.

Water impounded to prevent floods can also provide habitat for game and fish, recreation for people, water for the community and the essential ingredient for industrial development.

Thus, at a time when the competition for land and water resources is intensifying, we are learning that land can serve a multiplicity of uses without impairing its primary use -- whatever that may be.

How then do we propose to bring multiple-use to private lands? The Rural Areas Development program which was made possible by your support of legislation in 1962 points the way.

We consider RAD as a major effort to meet the challenge of imbalance in land use and population patterns as great change takes place in rural America. It blends new programs with present programs to focus all available resources to serve locally initiated and locally determined activities.

It seeks to fulfill several high priority national goals.

1. To give direction, purpose and hope to rural America as it adjusts to rapid change.
2. To readjust rural land patterns, making more land available for the increasing needs of outdoor recreation and open spaces, while decreasing cropland acres.
3. To fully protect and develop the Nation's renewable resources of soil, water, forests, fish and wildlife, and open spaces.
4. To encourage more rapid rural industrialization and expansion of commercial enterprise in rural areas to provide new employment and other non-farm economic opportunities.
5. To eliminate the causes of rural poverty.

6. To strengthen the family farm pattern of agriculture, insuring an efficient and productive source of food and fiber in a way that increased efficiency does not bring less income to the producer.

7. To establish a reservoir of experience which the developing nations of the world--largely rural and agrarian--can adapt. It will serve as a constant reminder that democracy and the free enterprise system can solve the problems of rural poverty and provide the techniques for rapid economic growth.

These goals...as I see them...are set in the framework of two fundamental principles:

First, we must move economic opportunity into rural areas instead of forcing people out of the country by planned depression. Second, we must use land, and not idle it. Resources must be used in ways that conserve...and serve the real needs of all people, rural and urban.

Let me describe briefly five major avenues we propose to follow in mobilizing our resources in RAD. Avenues made possible by legislation enacted into law last year. Three of them will be areas where this organization can give most effective leadership in communities and counties throughout the nation.

First, we are approaching RAD through rural renewal projects--which are now authorized for rural areas for the first time in the Nation's history. We hope to make a start this year in up to four pilot projects, where we will be trying to learn the special techniques that will work in rural areas.

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These pilot projects could well grow into the major effort by which local rural areas are aided by Federal and State governments in eliminating rural slums and poverty. One thing is sure: If we are to erase the causes of rural poverty, we are going to have to think and act as big as we did 20 years ago when we began our big assault on similar problems in the city through urban renewal and slum clearance programs. At long last we can attack head on with new tools the deep-seated poverty of many sections of rural America.

Second, we are implementing RAD through a Land Use Conversion Program--with long-term agreements to help farmers substitute grass and trees...wildlife and recreational uses...on land that has been producing wheat, feed grains, or other crops now in surplus.

This program includes, in 41 pilot counties scattered around the country, cost-sharing, technical assistance, and transitional agreements to help compensate for temporary declines in farmer incomes.

Third, we are initiating new Resource Conservation and Development Projects--to provide financial and technical resources to assist land owners in adjusting their land use patterns. Here again we have land conversion and adjustment with the addition that a number of farmers can join together pooling their land in a common project.

For example, a pilot project could team a soil and water conservation district with a sportsman's club, the residents of a particular municipal subdivision, or a consumer's cooperative, to jointly develop outdoor recreation facilities. The city people would get for their investment

the use of outdoor recreation facilities, while rural land owners would tap a new source of income.

We hope to be able to launch about 10 such pilot projects in fiscal 1964, and to provide planning assistance to 10 or 15 other projects which could begin in fiscal 1965.

One project presently under consideration in South Dakota would provide three soil conservation districts with the solution to a critical silting problem in the large flood control projects along the Missouri river. The reservoir lakes are silting up rapidly, and small water impoundments along the short tributaries...plus the conversion of about 50,000 acres of cropland to grass...are needed to reduce the silting rate. The land, together with the additional water impoundments, can be used for recreation purposes and thus supplement the income of farmers and ranchers in the area while providing additional hunting and fishing opportunities to sportsmen.

Fourth, we are expanding the opportunities within the Watershed Protection program. Until last year, this program was directed at flood prevention and general watershed improvement, including fish and wildlife preservation. In 1962, the Congress expanded the purposes for which Federal assistance could be used to include recreation, industrial water and future municipal water supply.

We already have 25 tentative proposals from local organizations to increase the multiple purpose development of watershed projects. The rate of applications for assistance for such comprehensive projects has jumped 20 percent in the last six months.

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One such proposal under consideration is from the Baker River watershed in Grafton County, New Hampshire. The town of Plymouth has proposed that a flood prevention impoundment be expanded to provide a 105-acre lake which can be developed for public recreation purposes.

The town has developed plans for 25 camping units together with facilities for swimming, fishing, boating and picnicking -- all within two or three hours' drive from the densely populated areas of Southern New England.

The State Department of Resources and Economic Development has proposed that other reservoir sites in the watershed be expanded for recreation purposes. It will help provide campsites and other recreation facilities.

It's estimated these proposed new recreation areas will add over \$120,000 a year to the income of residents in the rural counties involved.

Fifth, we are also preparing to help individual farmers to develop income producing recreation enterprises. The Farmers Home Administration is now authorized to provide Federal credit for on-farm or community recreation projects, fish farming or other activities which encourage new uses for cropland. The other agencies of the Department -- and State agencies, as well -- are gearing up to expand greatly their technical assistance in this area.

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The first loan approved under this program was made to a group of 40 Colorado farmers to help finance the purchase of 15,000 acres of land -- 1,400 now producing crops -- which will be developed for grazing, wildlife and recreation.

Habitat for small game animals will be improved as part of the project, including the improvement of a small stream which flows through the property.

There also are pending with FHA numerous on-farm recreation loans. One is from a small dairy farmer in New Jersey who wants to develop a 7-acre lake on his land and provide campsites and boating facilities for vacationers and fishermen. We estimate such recreation facilities would add about \$3,000 to his net income -- about as much as he now earns from his farming operation.

These last three programs -- Resource Conservation and Development projects, the expanded Watershed Protection Program and the FHA recreation loan program -- are of special interest to you because they give meaningful support to the protection and preservation of wildlife.

But the whole RAD program -- whether it is to encourage more rapid growth of rural industry or whether it provides better breeding sites and cover for quail and pheasant -- is in harmony with the long-range goals of wildlife conservationists and sportsmen dedicated to the wise use of our great natural resources.

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The support and leadership which I know you are capable of giving to this program is sorely needed. I am here today to speak frankly and directly to you to ask your help and leadership to get this program rolling.

The Rural Areas Development program is a conservation project of great magnitude, vital to the future prosperity of this nation. But it is the kind of program which can only succeed if local people want it to succeed...if they are so eager to see their community grow, to see new opportunities for themselves and their children that they step out and provide the local leadership without which RAD can only be a dream rather than an action program.

When we save a species of wildlife by protecting its habitat or by encouraging its propagation, we save more than a wild animal. In a sense, we save ourselves for we are saying -- often instinctively -- that civilization must permit all of God's creatures to live free of the threat of total destruction.

Gifford Pinchot, in "Breaking New Ground", wrote "It is not easy for us moderns to realize our dependence on the earth. As civilization progresses, as cities grow, as the mechanical aids to human life increase, we are more and more removed from the raw materials of human existence, and we forget more easily that natural resources must be about us from our infancy or we cannot live at all."

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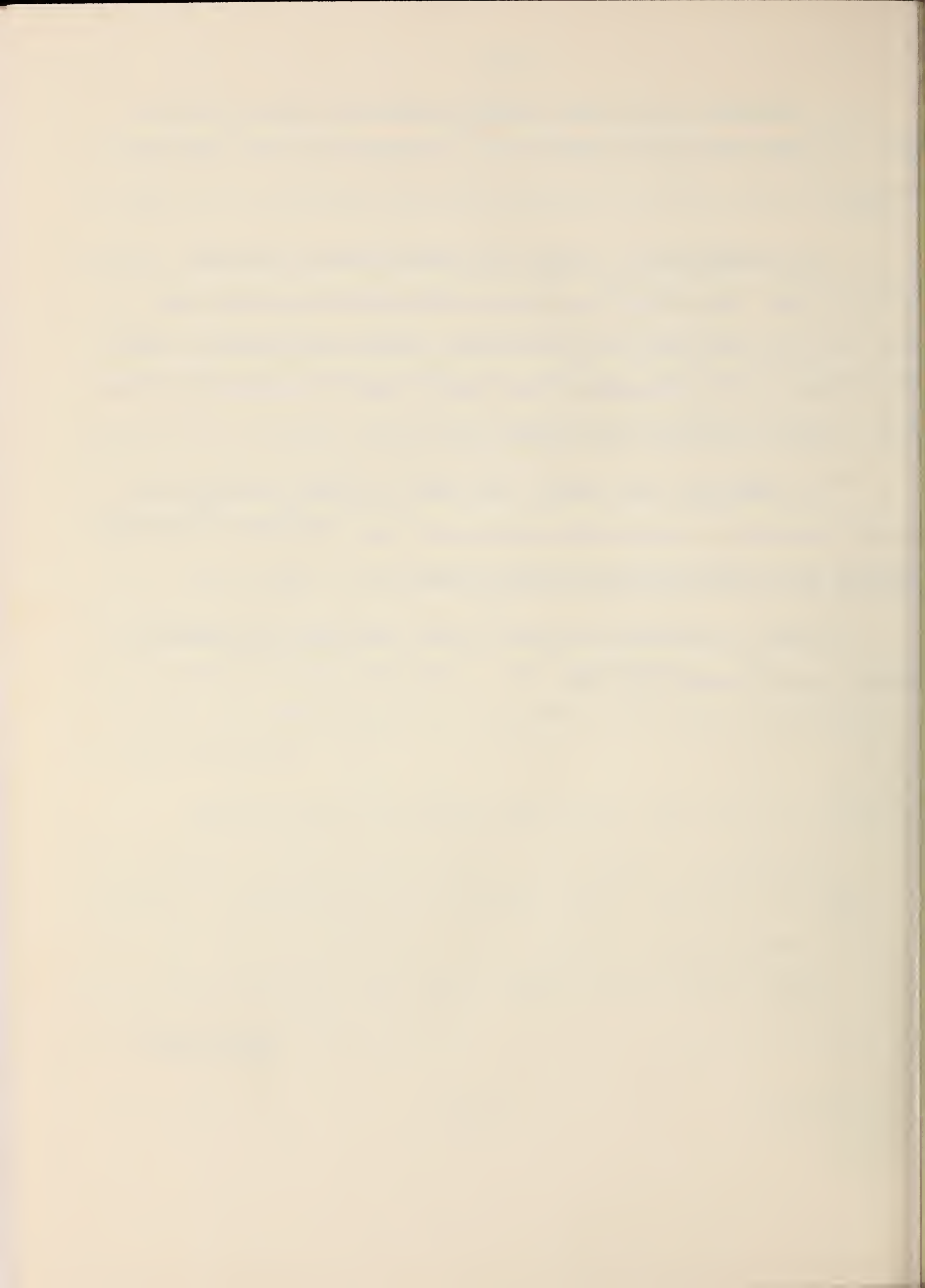
Conservation in the most meaningful sense says that civilization must not commit man to live imprisoned in a megalopolis of steel, stone and asphalt.

In translating this concept into specific goals and specific actions, we move toward a dual objective. We can provide the urban dweller with open space and the enjoyment of the outdoors. And we can provide the person who desires to live in the small town or on the farm with equal opportunities for advancement as those of his brother in the city.

To paraphrase Aldo Leopold, the father of modern game management... we are embarking on a partnership enterprise to which each person contributes and from which each derives appropriate rewards.

This is the purpose for which I work...and this is the purpose for which I ask your support and help.

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I don't want to detract one bit from the credit Mayor Wagner deserves for his hard work in bringing newspapers back to the streets of the city, but I believe everyone is overlooking an important reason why a settlement may be near.

I think the newspapers are eager to report the unique event of the National Farmers Union convention in New York City. No one will ever know for sure, of course, but it's something to consider.

If it is true, then the consumer--and New York City is the largest consumer market in the U.S.--has additional reasons to appreciate the services of the American farmer other than the fact that the American people eat better and at less real cost than any time in history.

While you are here, you have an excellent opportunity to bring this success story--and Agriculture is the Number One success story of this country today--to those who have benefited the most from what you have accomplished.

Most city folks are not aware of the benefits they derive from your success. As more become aware of the fact, we will develop the broad base of understanding necessary to getting things done in a Democracy.

Address by Secretary of Agriculture Orville L. Freeman at the National Farmers Union Convention, Carnegie Hall, New York City, New York, March 19, 1963, 8:00 p.m. (EST).

We can, and should tell our city brother that one farm worker today produces enough to feed and clothe 27 other persons...that in the last decade production per man-hour in agriculture increased 77 percent, while that in manufacturing increased 32 percent. Because of this success, no person need go hungry or lack an adequate diet today.

Back in 1955, the best scientists and economists got together and estimated what they thought crop yields would be in 1975. Six years later farm production already had reached 80 percent of what the experts thought could be attained. For some crops, yields already are greater than the experts thought would be reached in 1975.

The ability to compress 20 years of progress into six has brought real benefit to the consumer...to the city resident. Last year food costs accounted for only 19 percent of the average family income...and the housewife today has over \$100 more a year to spend elsewhere than she would have had if food costs had gone up as much as the overall cost of living in the past decade.

Now, would you call this a problem? Some people do. They say agriculture is a problem. By any measure, it is a smashing success. Its productivity is power which any nation would covet...and it contributes enormously to our strength as the leader of the free world. Each of us is more secure today in the knowledge that we have adequate food and the productive resources to meet any emergency.

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Those who say that agriculture is a problem reminds me of a person who, when asked to describe a tree he is looking at, tells his audience about a branch that is blocking his view.

This "blocked view," negative attitude comes, I believe, because we tend to view proposals to meet individual commodity situations as final solutions, and to measure the success or failure of an overall policy by what happens to a certain commodity program. Commodity programs are not, and will never be, final solutions in and of themselves. These programs are necessary because individual producers cannot make the adjustment as rapidly as required by the changes which science and technology bring to the farm economy.

Commodity programs are only one part of the great complex that is American agriculture, and we can lose sight of the overall goals we seek if we watch commodity programs to the exclusion of all else.

I would emphasize then that we do not have an agricultural problem, but we do need to make many adjustments.

This is the difficult situation which today presents both a challenge and opportunity to us all. Within it we seek to continue the efficient family farm system of agriculture, provide full parity of income to the farmer, encourage beneficial programs of rural areas adjustment, and reduce the costs which the outmoded farm programs of the 1950's have left behind as a legacy of rigid, doctrinaire thinking.

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I am pleased that we have made real progress in the last two years on all these fronts. I'll spell this out in more detail shortly, but first we should take a quick look at where we are today.

We know, for example, that there are two separate forces working negatively in rural areas. One is over-production and the effect this has on farm income. The second is the decline of the rural community...the lack of opportunity in rural areas off the farm for jobs and for economic advancement equal to that which exists elsewhere.

This Administration proposes to deal with these twin needs through two main program efforts. One is the new and dynamic program of Rural Areas Development now being forged to bring new opportunities to those who live in rural America. The other is the farm income programs, including commodity programs, designed to insure a strong and viable family farm system of agriculture.

It is on these twin pillars, then, that we are preparing to begin the long campaign which will restore prosperity to rural America.

Now, because commodity programs have long held most of the public's attention, I want to discuss them briefly...and then turn to the less familiar programs of Rural Areas Development.

How does this Administration look at commodity programs? Let me make three basic observations:

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* Commodity programs, in one form or another, will be with us for some time. We must learn to deal with specific commodity situations as the runner trains for the long-distance race. We have approached the problem of overproduction in the past as though we were training for the hundred yard dash.

* No dogma, no inflexible position can be the basis for commodity programs. They are solutions to individual problems which arise as the result of many different forces. Whether the programs developed today will be as effective 20 years hence is unimportant. What is important is that solutions be developed which meet the changing conditions of the present.

* We must look for commodity programs that work, and not for causes to argue.

The need for a flexible, pragmatic approach to commodity situations is clear. Farm production is always on the move. Each year change seems to come faster. Each year, we are getting more output per worker, per acre, and per dollar invested in agriculture. Last year we produced a record output on the smallest harvested acreage since the early 1900's. Each year the gap between our production capacity and our capacity to use and to export farm products seems to widen. And each time it widens, the potential effect on farm prices and farm incomes of running our farm plant at full capacity, becomes more serious.

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Unless the conditions of change can be met with the flexibility which permits action, the opportunity for programs that stabilize income while preventing overproduction will be lost -- and the problem will continue to grow worse.

A look at the 1950's shows the results of a doctrinaire approach to commodity situations. The previous Administration saw an evil design in any proposal which involved efforts by our government to improve the farm price support and production adjustment programs -- programs to strengthen the economic position of the farmer.

When it became clear that Congress would not -- in effect -- dismantle commodity programs in wheat and feed grains, a stalemate resulted. The Administration, opposed in principle to any government programs, simply stood fast...and, as you know, the situation rapidly deteriorated.

It was this rigidity -- this dogmatic approach to a changing situation -- which produced the impasse of the 1950's in farm policy. This determination not to meet the Congress halfway on commodity situations permitted feed grain carryover to increase each year for 9 years reaching more than 3 billion bushels by 1961.

Wheat carryovers rose from 250 million bushels to 1,400 million bushels from 1952 to 1961.

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This critical situation is, happily, now sharply reversed. This Administration, although not getting all it wanted, has worked out commodity programs in feed grains and wheat with the Congress. Already the savings in carrying charges amount to \$770,000 per day, and these savings will increase as stocks continue to decline. By October, we expect to have 1.1 billion fewer bushels of grain in storage and under loan than we had two years ago.

Quite frankly I am delighted that the voluntary programs in feed grains have turned out more successfully than expected....although it is costing about \$600 million more this year than the program the administration proposed, but which the Congress would not accept.

Feed grain stocks are down from 84 million tons to about 60 million tons...the taxpayer will realize savings over time of about a billion dollars...and market prices are better than anytime since 1957. Looking ahead, voluntary programs may work at much more moderate costs now that we can anticipate the end of feed grain surpluses.

These results have been achieved because an answer was sought to the commodity situation as it then existed. They illustrate sharply the difference which flows from the attitude of this and the previous Administration. Those who in the 1950's refused to meet the Congress halfway looked upon government not as a dynamic instrument of the living, but as an interesting relic of a past age to be used little, if at all.

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The view of this Administration was capsulized recently by a North Dakota newspaperman in explaining to his readers why we go through the often difficult and wearing process of developing commodity programs. He said that farmers "asked, and the Federal Government accepted as an obligation to do for them what seemed beyond their ability to do for themselves."

I don't have to tell you what he is talking about. Other prime producers in our economy, by their control over supply, can create a workable relationship between supply and demand in the market...and so receive a fair return. The oil industry is a prime example of this, as are the steel, automobile and chemical industries.

But agriculture has never been able to do this. Under these conditions the farmer...as has been true since the dawn of time...has not been able to compete successfully for his fair return on what he produces with increasing efficiency.

We live in a market economy, but this does not mean the farmer has to be always imprisoned in the market. Other industries have found a way to receive a fair return, and this is all the farmer asks today. He lacks muscle in the marketplace -- muscle which the rest of our highly organized society has and uses.

There are many ways, as we have shown in the past two years, for the farmer to strengthen his muscle. The new programs in feed grains and wheat which seek to balance supply with demand are one example. By 1965,

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feed grain surpluses can be nothing more than a bad memory if the Congress enacts a permanent, voluntary feed grain program. With the passage of the wheat program in the referendum, wheat surpluses can be eliminated by 1966 or 1967 while the income of the wheat farmer will be strengthened. If the two-price wheat program does not go into effect, we can expect wheat production to soar 300 million bushels over what we can use...and gross income to the wheat farmer will decline at least \$700 million below 1962 levels. Net income will suffer an even sharper drop.

Another example of improved farmers' muscle was the action in 1961 to raise soybean price supports from \$1.85 to \$2.30 a bushel. It meant increased income to the farmer of \$400 million. Now some alleged "experts" claim that market prices rose because of market demand and not the price support action. That is true, but only in part. Again and again in past years the best price seemed to come only after most farmers had marketed their beans. Here again, price supports have helped the farmer by providing the muscle he needs.

These actions, you well know, have been strongly criticized.... but the criticism sounds suspiciously like sour grapes. It's hard to tell whether the loudest critics are complaining that farmers have better incomes...or whether these same critics are afraid farmers might ask why the critics couldn't provide such real progress when the responsibility I now have was in their hands.

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I can promise you that we will continue to press for better commodity programs. There is an urgent need for new dairy legislation to reverse the decline in the dairy farmer's income and end the unnecessarily heavy taxpayer costs of acquiring surplus production. Some revisions are also needed in the cotton program which will strengthen domestic markets and make more acres available to producers willing to grow cotton at world prices.

I believe that, over the next few years, we can develop modern, practical commodity programs which will strengthen the family farm system. This, however, will meet only half of the need in rural America. The other half, which no commodity program can reach, will be met with the second of the twin pillars of rural prosperity -- Rural Areas Development.

All of us recognize that overproduction results in low farm prices. And when we have more land than we need producing crops we cannot use, we have overproduction. The obvious answer is to put this land to more productive uses.

Let me underscore the word USE. I dislike the idea of idling land..of putting it in soil banks or reserves. Land is a resource we must conserve...and use to serve the real needs of all people.

We know there are many needs for land, and the water upon it, that are undersatisfied. We need more land for timber, for grazing, for industry and other non-crop uses. We have an undersatisfied demand for green areas around metropolitan areas -- open spaces to look at and breathe in, to climb on, walk through or simply for space to think in.

There is, in addition, an enormous and growing unmet need for outdoor recreation. The best estimate is that we will have to triple the Nation's outdoor recreation facilities in the next forty years. Some of this can be met by expanding public facilities, but most of the land available for this purpose is too far distant from population centers for an afternoon's outing or a weekend trip. We must turn to the rural areas where over 75 percent of the nation's land...and most of its water... resources are in private hands. To meet the need, the city dweller must go to the farmer.

Farmers can meet the need of the city dweller for outdoor recreation on the land now producing the crops we cannot consume -- and much of the land will produce a better income by providing recreation than it does by growing crops.

If the farmer and the city dweller share common opportunities in the development of outdoor recreation, they also share a common concern in another respect. That is the impact of automation in the factory and mechanization on the farm. Both the farmer and the worker are worried, and with good cause.

In industry each month, it is reported, 150,000 men and women are being replaced by machines as the process of automation grows. In agriculture, mechanization is a major reason why one farmer today produces as much as four farmers did in 1910. One of the effects of this can be seen in the underemployment in rural America which is now the equivalent of 4 million unemployed -- 1.4 million on farms and between 2 and 3 million among rural non-farm people.

Now many people will tell you there are too many farmers...and say "send 'em to the city." I do not agree...most emphatically, I do not agree.

Any attempt to improve the conditions of farmers remaining on the land by hastening the outmigration to the cities would merely add to problems of unemployment unless we can, at the same time, substantially step up the growth of our industrial economy.

In addition, while it is obvious that some people are going to continue moving from rural to metropolitan areas, it should not be public policy to stimulate that trend. Our public purpose is to enable people in rural America to have equal job opportunities in their community or area, rather than allow rural poverty to determine whether they go or stay.

For the worker whose job is taken by a machine, the chance for a new job rests with a more rapid expansion of industry. The President's tax reduction program courageously attacks this threat to our national progress and well being. All America will benefit from this program to stimulate our economy and get it moving ahead more rapidly.

For the person who lives in rural America, this tax stimulant will also be important. When it combines with the thrust of the RAD program to create new job opportunities in the rural community, the stimulus will be very powerful.

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In the Rural Areas Development program, we are not seeking to entice jobs away from the cities. We are prohibited from doing this by law. Rather we seek to create new uses for the resources in the rural community to create additional employment opportunities in the whole economy.

Let me describe briefly some of the programs we are developing in the pilot stage to achieve these goals.

Earlier this month we began test programs in 27 counties -- many here in the East -- for farm recreation projects under the cropland conversion program. And last December we designated 41 counties in 13 states as test areas for the croplands program which enables the Department to provide cost-sharing, credit and technical assistance to farmers who convert cropland to grass, trees, water storage, wildlife habitat and income producing outdoor recreation.

As part of these pilot programs we will make loan funds available through the Farmers Home Administration to individual farmers or groups of farmers for recreation, fish and forestry enterprises which encourage new uses for croplands. These loan funds also will be available to farmers outside the pilot test areas.

We also hope this year to begin a number of Resource Conservation and Development projects which will enable farmers, or groups of farmers, to develop new income producing land uses. I think there is real promise here for cooperation between urban groups wanting outdoor recreation facilities and groups of farmers associated together to get a better return

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from their land. A pilot project could team a soil conservation district, for example, with a sportsmen's club or the residents of a suburb to develop a hunting preserve or a picnicking and camping area or a small man-made lake with water recreation facilities.

We also are expanding the opportunities for recreation development under the Watershed Protection program. There are some 25 tentative proposals now under consideration -- including a number in New England -- which would increase the multiple purpose development of watersheds to include outdoor recreation facilities.

This brief account of the RAD program, together with the review of programs to strengthen farm income, gives some idea of the scope and promise of the Administration's program in agriculture.

I am confident this program, when carried out vigorously, will restore prosperity to rural America. In the last analyses, the effectiveness of these programs depends on local leadership...on people like yourself since only you can turn programs into progress. The gains which have come as a result of your response these past two years is real and measurable...and is an indication of what we can expect in the future.

Net farm income in 1961 was \$12.8 billion, some \$1.1 billion higher than in 1960. Last year net farm income rose to \$12.9 billion, the highest since 1953, and some 10.3 percent above 1960.

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Per capita personal income of farm people rose nearly 14 percent from 1960 to 1962, reflecting a 17 percent increase from farm sources and about a 9 percent increase from non-farm sources.

It has meant that many farmers are paying off old debts. Some are again saving money for bank deposits are up. It also has meant that farmers are buying more because, in the words of Barron's Weekly, farm equipment manufacturers had "two fat years" in 1961 and 1962.

The measure of our task ahead, however, is that farmers' income, even with this progress, still averages only 60 percent of the per capita income of the non-farmer. It should be 100 percent...and that is the goal of this Administration. We seek 100 percent of parity income...that is simple justice. The farmer ought to be able to earn as much in agriculture as the same investment of capital, skill and labor earns in other occupations.

I wish I could promise that this disparity would be wiped away by sudden, dramatic action. But it just doesn't work that way. Much of it depends on you...on whether you want to make the programs work. They are your programs, designed for your needs...and not for the Secretary of Agriculture or the Department or the Congress or for anyone else.

I can assure you I will bend every effort to insure that the progress of the past two years will continue...this is the purpose for which you meet here today...and this is my purpose in being here today.

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I recall that when I became Secretary many of my friends... many of you...said "why take this job? It's an impossible task." I felt then, and I know now that this is not true. We have made a strong beginning, but much remains to be done. It will take time and firm resolve...and we will need to stick together.

We can help each other. I pledge my help to you...and I ask your help for the tasks which lie ahead.

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1963

We are living today in a challenging, critical, exciting period in the history of the world. For the first time, science and technology have progressed so far that we can envision the day when no one on earth need suffer for want of material necessities of life. We can foresee the possibility of the conquest of hunger and cold, and the other physical and natural hazards, for all men everywhere. Within the United States this potential has in many respects become a reality. American agriculture, in particular, demonstrates an abundance that we are sharing with people all over the world, and that we are eager to share more effectively wherever possible.

The possibility of plenty challenges us all to see how well we can take advantage of this potential--how effectively we can use the new tools, that scientific and technological progress have given us, in man's age-old struggle for a better life.

Men have sought freedom from hunger since before the dawn of civilization. Long before men formulated slogans--indeed before they had developed much use for words--a primary human drive was the search for food.

During much of recorded history men and nations have been forced by the prevailing fact of scarcity to seek freedom from hunger for themselves at the expense of others. They have struggled against each other for fertile valleys, for flood plains, to conquer enough territory to insure enough food.

It was left to our period of history to open the door to a future in which men and nations need no longer struggle against each other in an attempt

Address delivered by Secretary of Agriculture Orville L. Freeman at the Ambassadors Dinner, American Freedom From Hunger Banquet, International Inn, Washington, D.C., 7:30 p.m. (EST) March 21, 1963.

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to survive, to a future in which they can, instead, work together to attain their common goals. For the fact of scarcity that dominated the past can now be replaced by the potential for abundance that is the promise of the future.

We now know that we must seek freedom from hunger for all men everywhere, and we have made substantial strides in that direction.

Freedom from hunger--or want--was one of the four freedoms that Franklin Roosevelt held up as a standard for all the world to see--and to follow.

Food enough for all was the hope which was the basis of the launching, 20 years ago, of the Food and Agriculture Organization.

The desire to make use of our abundant, agricultural productivity to provide food for those who need it throughout the world was back of the launching by the United States, nine years ago, of our Food for Peace Program; under which the people of this nation are giving--through their Government--at the current rate of \$1 2/3 billion a year to combat hunger and promote economic development.

More than two years ago the FAO launched its five-year Freedom from Hunger campaign. And last year the United Nations and the FAO launched the World Food Program.

I would like to emphasize the hope and the promise that are inherent in these new international efforts to combat hunger. For our period of history marks, not only the potential for abundance that scientific and technological progress have made possible, but also the beginning of world-wide cooperation among nations to attain that goal.

It was in the hope that the World Food Congress would become a major landmark in progress toward that goal that I extended to the last FAO Conference in Rome a welcome to this conference. It was in that hope that President Kennedy

proclaimed Freedom from Hunger Week as a prelude to the World Food Congress, and requested the Trustees of the American Freedom from Hunger Foundation to serve as a Citizens Host Committee.

The World Food Congress next June offers to the nations and delegates who participate more than an opportunity to meet and talk together for a fortnight. The Congress has been planned as a mid-point in the world-wide Freedom from Hunger Campaign, and it may be likened to a booster rocket giving an extra thrust to maintain the campaign at a high level for the remainder of its time.

The Congress will bring together people from over a hundred nations, many of which are especially concerned with progress in the field of food and agriculture. We commend the very considerable efforts being made by FAO to stimulate attendance, from the developing countries, of vigorous, able, highly motivated individuals who have specific interests in programs for food and agriculture as contributions to economic development in their respective nations. I am sure that all of the nations represented by the Ambassadors here tonight are as concerned as we are that those who attend the World Food Congress from their countries will include men in both governmental positions and non-governmental organizations who will, by virtue of their capacity and leadership, be able to contribute significantly to the Congress, and to contribute effectively in their own countries after they return home.

We are eagerly anticipating the visit to our country of so many distinguished leaders and specialists from so many lands who will share their experiences and knowledge with us. We are making every effort to give our visitors a most cordial welcome, and to provide them with opportunities to observe and to study at first hand both the physical operation of American agriculture and the spirit, motivation and institutional forces that lie back of the success story of the American farmer.

The President has asked me to serve as chairman of a committee which he designated to co-ordinate, at the top levels of Government, the preparations for the World Food Congress. The other members of this Committee are with us this evening: our speaker, Mr. David Bell; the Assistant Secretary of State for International Organizations, Mr. Harlan Cleveland; and the Director of Food for Peace, Mr. Richard R. Reuter.

American farm organizations and American food industries are cooperating with our Government in efforts to make the World Food Congress a landmark in the campaign to combat hunger throughout the world. I want to especially express our appreciation for the efforts of the Citizens Host Committee, the Freedom from Hunger Foundation, and its several active committees. And a continuing tribute of appreciation is due to those voluntary organizations that contribute so much to our own Food for Peace programs, through which we extend and share with others the abundant productivity of American farms.

These voluntary agencies have shared in a program under which American farm products are supplementing the food resources of over 100 countries, having a combined population of over 1.3 billion. In the six-year period, 1955-62, Food for Peace shipments had a total value of \$11.2 billion.

This food is being used to relieve hunger and suffering. It provides food for school children. It is also used to promote economic development. It is helping underdeveloped countries to carry out irrigation, reclamation, and reforestation projects; to improve railroads, highways and bridges; to construct electric power generating facilities; to build hospitals, clinics and schools. In other words, it is being used not only to meet an immediate need for food, but also to further the kind of economic development and growth that will lead to a greater degree of self-sufficiency.

Food for Peace is a policy and program of the United States Government. The people of the United States are also contributing through their religious organizations, and through other voluntary agencies such as CARE. These contributions, both through government and through voluntary agencies, will continue, alongside of our full participation in international and multilateral efforts and programs. We realize that both national effort and international cooperation are essential in our over-all drive for greater abundance for all.

I would like to conclude by pointing out the tremendous and exciting challenges that lie in our many-faceted approaches toward the goal of freedom from hunger -- challenges to highly developed industrialized nations as well as challenges to those nations striving for a take-off in economic development.

Many nations, including the United States, can, and do, produce more food than can possibly be consumed by their own people. We have learned from experience that it is not easy to give away food -- that however genuine our desire to meet real needs, and however carefully planned our programs may be, they are often quite mistakenly regarded as a dumping of surpluses. We hope that other highly productive nations will join us in taking up the challenge to find ways and develop methods -- by national, multi-national, and international means -- by which agricultural abundance can make the most constructive contribution to domestic and international progress.

Many other nations are challenged to learn how to handle and use food that they receive, as well as to produce more domestically. They are challenged to study and evaluate the techniques, methods and institutions that have proved effective in contributing to abundant productivity and economic growth, and to adapt all of these to the needs of their own people.

These challenges are not easy ones, but they are supremely important. To meet them we face not only technological and scientific problems, but also the more formidable barriers that are social, political and economic in their nature.

There are barriers of nationalism -- and other isms.

And, most important, there are barriers of ignorance.

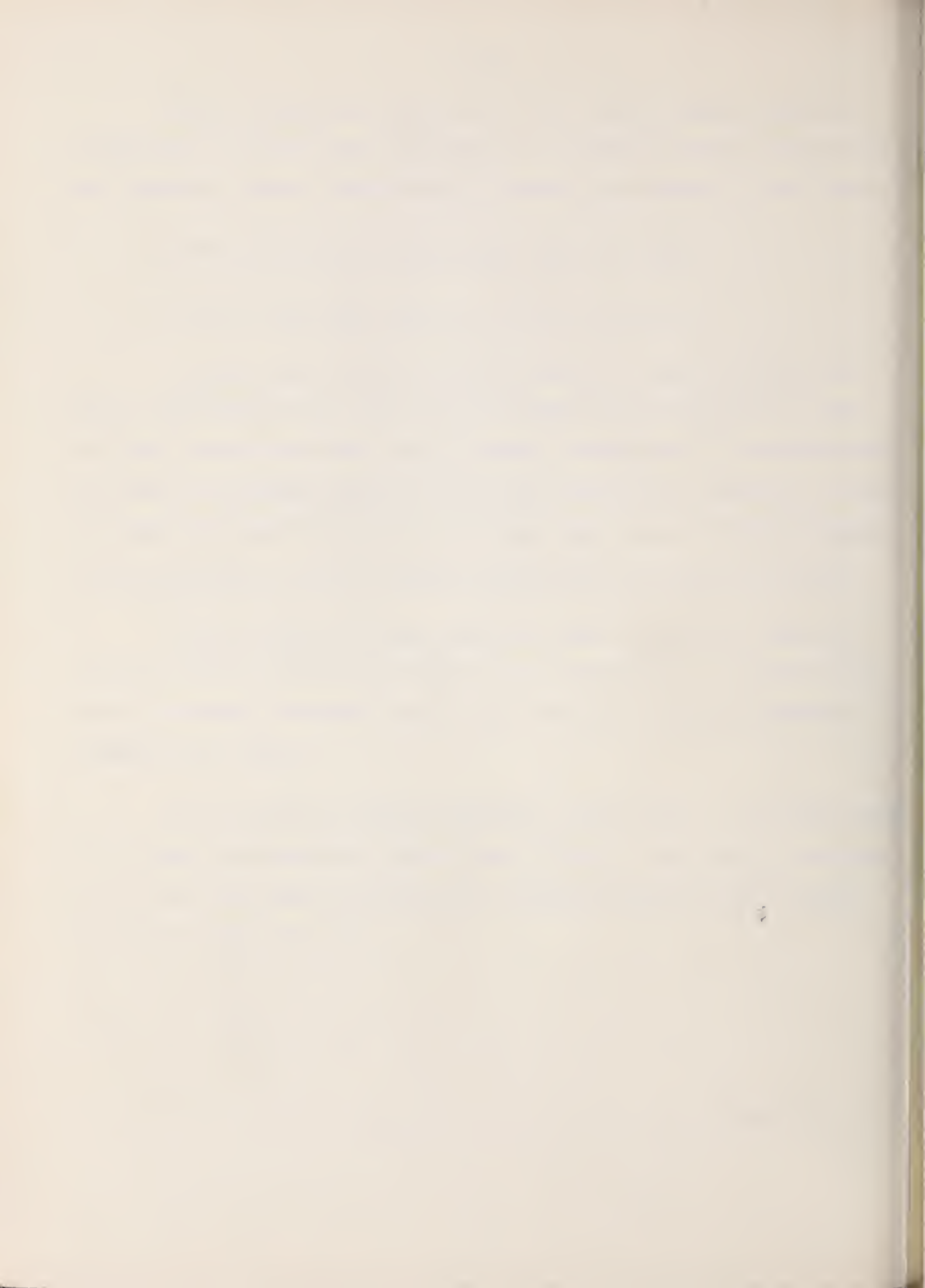
I should like to point out that the barrier of ignorance applies not only to the illiterate, not only to those who have not yet learned how to make two blades of grass grow where one grew before, although this is a serious barrier. The barrier of ignorance applies as well to the learned and the powerful -- to the statesmen of the world who have not yet learned those elements of social engineering that will make it easier to extend the potential for plenty to all people.

These are barriers we must attack and seek to tear down. These are barriers which the kind of understanding that can develop out of the World Food Congress can help to overcome. Let us seek to make that Congress a memorable landmark in this effort.

Let me assure you that the Government and the people of the United States offer sincere and wholehearted support toward this goal, toward freeing the people of the world from hunger and poverty, thus expanding mankind's hope for peace and making freedom more secure.

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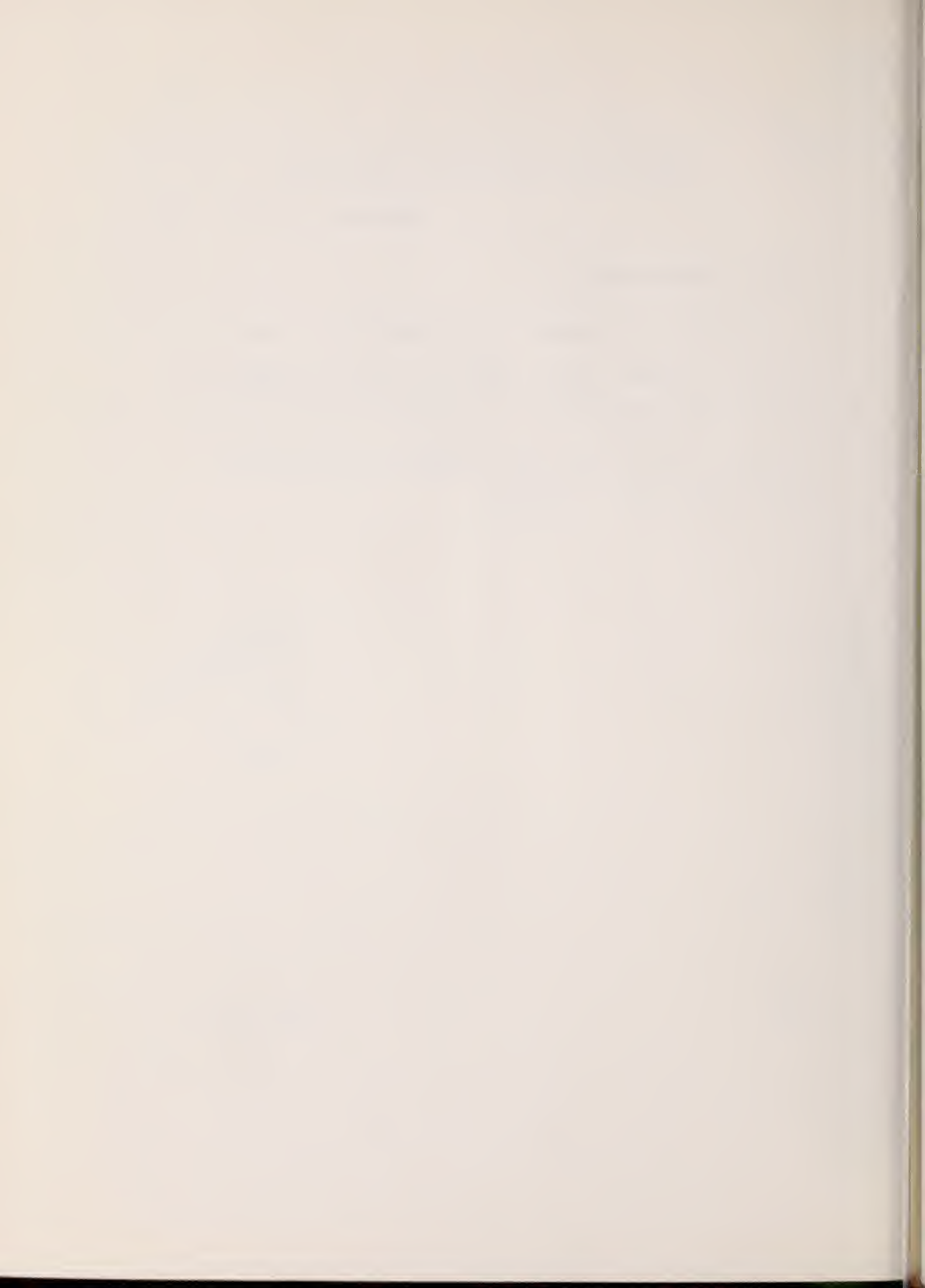
UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, April 16, 1963

NOTE TO CORRESPONDENTS:

Attached is a statement made by Secretary of Agriculture Orville L. Freeman recently before the Senate Subcommittee on Agricultural Appropriations. It contains background material in several fields, especially in Rural Areas Development, which you may find of interest.

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Statement
of
The Secretary of Agriculture, Orville L. Freeman
before the
Senate Subcommittee on Agricultural Appropriations
March 21, 1963

Mr. Chairman, Members of the Subcommittee:

It is both a privilege and an opportunity to appear before this distinguished committee. I shall take this opportunity to set down the basic policy and program direction of this Administration for American agriculture.

We have all heard it said that "there is no answer...no solution to the agriculture problem." Usually it is phrased in terms something like this: "We have been trying to solve this thing with different kinds of programs for nearly 30 years, and we have just as many programs -- if not more -- as we had then. There just isn't any answer."

I don't agree with this at all. It sounds more like a man who, when asked to describe a tree he is looking at, tells his audience about the branch which is blocking his view.

I don't believe that American agriculture should be labeled a problem. Can we describe the output of an American farm worker, who provides food and fiber for 27 persons, as a problem? How can you label the feat of banishing the fear of hunger and starvation as a failure? The American people, spending only 19 percent of their income for food, eat better and cheaper than any people in history. We associate failure with problems, and

agriculture, rather than a failure, is this country's No. 1 success story. It is the envy of every other nation, especially those behind the iron and bamboo curtains.

This "blocked view"...this negative attitude comes, I believe, because we tend to view proposals to meet individual commodity situations as final solutions, and to measure the success or failure of an overall policy by what happens to a certain commodity program. Commodity programs are not, and will never be, final solutions in and of themselves. Such programs are needed because individual producers cannot make the adjustment as rapidly as required by the changes which science and technology bring to the farm economy. But individual commodity programs are only one part of agriculture, and we need to think of the overall goals we seek to reach as we work with each part that adds up to the great American agriculture complex.

I would emphasize, then, that we do not have an agricultural problem, but we do need to make many adjustments.

It is with this view that we have set our goals and formulated policies to reach them. Most proposals we have advanced have been controversial. This is to be expected since the changes in agriculture are coming rapidly and the resulting pressures and hardships create sharply conflicting opinions on what we should do. But controversy can be a healthy stimulant so long as we don't permit it to result in an impasse when action is needed.

The goals of this Administration are relatively simple. We seek to preserve and strengthen the family farm system of agriculture because

it is the keystone to the world-shaking success of our food abundance. We seek for consumers a wide abundance of food at reasonable and stable prices. We seek to eliminate surpluses (not security and stabilization reserves) and end the unnecessary burden they place on taxpayers. We seek to assist in moving some cropland now producing crops in surplus to other more productive uses. We seek to make American agriculture more efficient, but in ways that will reward the farmer and not cut his income. We seek to develop economic opportunity in rural areas for those who live there -- and want to stay -- equal to that of the urban areas.

Policies directed toward these goals crystallize around two main program efforts -- the twin pillars on which prosperity in rural America rests. One pillar is the new far-reaching Rural Areas Development program which will bring new opportunities to those who live in rural America.

The other pillar is made up of the various programs, including commodity programs, developed to help the farmer get fair prices and fair income.

I will discuss commodity programs later in this testimony. However, at this point it is appropriate to emphasize that commodity programs must be flexible and pragmatic. They must be fitted to the special needs of particular crops. I know of no dogma or theory that spells out all the answers. Rather we must seek out the program that works in each situation. And we must be alert to the need for change and adjustment when conditions in our economy -- and around the world -- shift and change as they do with increasing speed in this modern age.

Let me turn now to the major topic of my presentation, Rural Areas Development -- the dynamic new program we are forging as an instrument to infuse new opportunity in the rural community...the second pillar supporting a prosperous rural America.

This subcommittee is well aware of the rapid changes taking place in rural America. There are fewer farmers today. Many small rural communities have virtually dried up and there is a noticeable decline in educational, religious and community services in rural America that families have come to expect as a part of modern living.

In recent years, we have used so much land for the production of crops that we have oversatisfied the Nation's need for food and fiber. That oversatisfaction is now stored in grain bins and warehouses...at the taxpayers' expense.

At the same time we know there are many needs for land and water resources that are undersatisfied. We need more land for outdoor recreation, for timber, for grazing, for industry, and other non-crop uses. We have an undersatisfied demand for open space for green areas around cities and metropolitan areas -- open spaces to look at and breathe in, to climb on, or walk through or just to meditate in.

The following table indicates our best current estimates of the approximate magnitude of needed land use shifts.

Needed Shifts in Major Land Uses, 1959-80

Land use	Used in 1959	To be shifted to other use	To be added from other uses	Net change	Projected use in 1980
(Millions of acres)					
Cropland	458	68	17	- 51	407
Grassland pasture and range	633	30	48	+ 18	651
Forest land ¹	746	32	27	- 5	741
Recreational	62	0	23	+ 23	85
Farmsteads and farm roads	10	0	0	0	10
Special purposes uses ²	85	0	26	+ 26	111
Miscellaneous other land	277	11	0	- 11	266
Total	2,271	141	141	0	2,271

¹ Commercial and noncommercial forest land exclusive of 27 million acres of forest land limited primarily to recreation or wildlife use in 1959 and 34 million acres in 1980. Combined forest land acreage is 773 million acres in 1959 and 775 million acres in 1980 or a net overall gain of 2 million acres.

² Urban, roads, military reservations, water supply reservoirs, etc.

The family farm is becoming larger, more highly capitalized, and more specialized. Farming also is becoming in many instances a part-time enterprise in which the farmer or his family depend on off-farm work for much cash income.

But the opportunities for non-farm jobs in rural areas are not adequate today. Department economists estimate the present unemployment and underemployment in rural areas is the equivalent of 4 million unemployed annually -- 1.4 million on farms and between 2 and 3 million among rural non-farm people. In addition, 4 million new jobs will be needed in the decade ahead for rural youth.

Thus, about 8 million new jobs will be needed to eliminate under-employment and unemployment in rural areas. The factors which give rise to this situation are not unique to the farming economy. We see much the same problem today in the factories and shops of industry where automation is creating technological unemployment.

Mechanization on the farm and automation in the factory are products of the same forces...science and technology. In industry each month, it is reported 150,000 men and women are being replaced by machines as the process of automation grows. In agriculture, mechanization is a major reason why one farmer today produces as much as four farmers did in 1910. One of the effects of this can be seen in the underemployment in rural America which is now the equivalent of 4 million unemployed -- 1.4 million on farms and between 2 and 3 million among rural non-farm people.

Now many people will tell you there are too many farmers...and say "send 'em to the city." I do not agree...most emphatically, I do not agree.

Any attempt to improve the conditions of farmers remaining on the land by hastening the outmigration to the cities would merely add to problems of unemployment unless we can, at the same time, substantially step up the growth of our industrial economy.

In addition, while it is obvious that some people are going to continue moving from rural to metropolitan areas, it should not be public

policy to stimulate that trend. Our public purpose is to enable people in rural America to have equal job opportunities in their community or area, rather than allow rural poverty to determine whether they go or stay.

For the worker whose job is taken by a machine, the chance for a new job rests with a more rapid expansion of industry. The President's tax reduction program courageously attacks this threat to our national progress and well being. All America will benefit from this program to stimulate our economy and get it moving ahead more rapidly.

For the person who lives in rural America, this tax stimulant will also be important. When it combines with the thrust of the RAD program to create new job opportunities in the rural community, the stimulus will be very powerful.

Rural Areas Development is a major effort to meet the challenge of imbalance in land use and population patterns as great changes take place in rural America.

It is a major new thrust and new direction in national agricultural policy charted by new laws which Congress enacted and by new emphasis from Executive actions. It blends new programs with present programs to focus all available resources to serve locally initiated and locally determined activities.

It seeks to fulfill several high priority national goals:

1. To give direction, purpose and hope to rural America as it adjusts to rapid changes;
2. To readjust the rural land use patterns, making more land available for the increasing needs of outdoor recreation and open spaces, while decreasing cropland acres;
3. To fully protect and develop the Nation's renewable resources of soil, water, forests, fish and wildlife, and open spaces;

4. To encourage more rapid rural industrialization and expansion of commercial enterprise in rural areas to provide new employment and other non-farm economic opportunities;
5. To eliminate the causes of rural poverty;
6. To strengthen the family farm pattern of American agriculture, insuring an efficient and productive source of food and fiber in a way that increased efficiency does not bring less income to the producer;
7. To establish a reservoir of experience which the developing nations of the world -- largely rural and agrarian -- can adopt. It will be a constant reminder that democracy and the free enterprise system can solve the problems of rural poverty and provide the techniques for rapid economic growth.

None of these goals will be achieved overnight nor fully accomplished within this decade. But we have begun, and we must accelerate our rate of progress. The budget before your Committee provides a modest speed-up in the established rural areas development programs combined with a pilot project approach for the newly established programs.

These goals are set in the framework of two fundamental principles:

First, constructively shaping change requires that we move economic opportunity into rural areas instead of moving people forcibly from the country through government action or planned depression. Second, we must use land, and not idle it. I am, and I believe all people concerned with agriculture are, impatient with such terms as diverted acres...cropland reserve...idle acres...and soil bank.

Resources must be used in ways that conserve...and serve the real needs of all people. Our challenge is to bring those resources and that need together on a sound economic basis.

Rural Renewal Projects

One new approach to rural areas development is found in the rural renewal projects, authorized by Section 102 of the Food and Agriculture Act of 1962. These projects could well become in time the major effort by which local rural areas are aided by Federal and State governments in eliminating the causes of rural poverty where it is the most prevalent.

The areas most resistant to change are those where we find the greatest poverty. Many areas of the Appalachians, the Ozarks, and some Northern areas of the country, including the northern part of my own State of Minnesota, are examples. Resources are limited, usually because of past exploitation, and those who live there are older on the average and have skills no longer in great demand. Community facilities are inadequate. There are fewer roads, poor schools, and insufficient hospital facilities.

Similar conditions in our cities produced the impetus for an urban renewal and slum clearance program 20 years ago. This program is based on the premise that with help, local government could clear away slums and develop new uses for the land. Billions of dollars have been spent in such projects, and urban slums are yielding to progress with increasing speed. Today we can see parks, public and commercial buildings, new industry and great housing complexes replacing those slums. The success of urban renewal depends upon local leadership, operating through local government with the power to receive money, to tax, to own and sell property, to condemn -- in other words, the power and resources necessary to act in partnership with the Federal Government which contributes both technical services and capital through loans and grants.

If we are to erase the causes of rural poverty and shake loose the entrenched barriers to progress in severely distressed areas, we are going to have to think and act as big as we did 20 years ago when we attacked similar problems in the city.

For the first time in the Nation's history, rural renewal projects are now authorized for rural areas. A small initial budget has been requested for next fiscal year to enable us to make a start in up to four pilot projects. In these early projects we frankly expect to be feeling our way to learn the special techniques which will be needed in rural areas.

We already have evidence of strong interest in State governments. In Arkansas, the legislature has enacted, and the Governor has signed, new legislation authorizing local rural renewal programs such as those discussed in Attachment A. Other states, New Mexico and New Hampshire, for example, are studying similar actions. Many states, in addition, provided broad enough authority when they enacted urban renewal legislation to apply to rural renewal needs.

A more detailed description, with specific illustrations, of a rural renewal project is presented in Attachment A, which we will submit to the committee later this week.

Cropland Adjustment Program

Section 101 of the Food and Agriculture Act of 1962 authorizes long-term agreements to help farmers substitute wildlife and recreational uses on land producing wheat, feed grain or other crops now in surplus.

Through the long-range land use adjustment program, we can help farmers shift from overproduction of crops. It will be operated in conjunction with a full scale Great Plains Conservation program. We anticipate that cost-sharing will be provided for required installation and new practices. Technical assistance will be provided to help establish and carry out long-

range farm plans. For any temporary drop in farmer income which might result, we will make transitional agreements to fill the gap. A description of the 1963 pilot program and a longer range projection is given in Attachment B, to be submitted later.

Resource Conservation and Development Projects

Another new program to help create better balanced land use can be found in the resource conservation and development projects authorized under the provisions of Section 102 of the Food and Agriculture Act of 1962.

The potential of this new approach is very promising. It can provide financial and technical resources to enable a number of farmers to join together to adjust their land use pattern.

A pilot project could team a soil and water conservation district with a sportsmen's club, or the residents of a particular subdivision or precinct, or a consumer cooperative to develop outdoor recreation facilities. The city residents could acquire the use of a wide array of outdoor recreation facilities which they want and need, while the owners of rural acreage are assisted in converting their land to new uses which also will increase their income through tapping a new source -- recreation.

The budget before your Committee provides for a small pilot operation to develop the best techniques to carry out these projects. We have discussed this new program with many of the national conservation, sportsmen, and wildlife groups and we are most gratified by their enthusiastic support. Many local groups already are surveying land and water resources and developing plans to create new uses for rural lands which will provide income-producing recreational facilities that urban groups are increasingly demanding.

A brief description of some of the possible applications we are exploring is presented in Attachment C, to be submitted.

Watershed Protection Projects

One of the more important programs helping to revitalize rural America is the Small Watershed Program. Last year, the Congress amended Public Law 566 to authorize Federal sharing of up to 50 percent of the cost with local organizations for acquiring lands for upstream reservoir and adjacent public recreational areas. The amendment also permits the same cost-sharing for recreational facilities such as beaches, boat ramps, access roads and water and sanitary installations. Federal loans are also available for the local share of these costs.

Another amendment permits the inclusion of municipal or industrial water supply for future use in upstream reservoirs. Repayment of costs may be deferred by the local organization for up to ten years during which no interest is charged.

With this action, water impoundments within a watershed can become the hub from which the spokes of economic activity radiate to invigorate the economy of hundreds of communities throughout rural America. Water attracts tourists...and two dozen tourists a day equal the spending power of a plant with a \$100,000 yearly payroll...and water often is the critical element in the location of new industry which brings new jobs and new dollars to spend.

The Small Watershed Program began in 1953 primarily as a means of preventing upstream flooding. Over the years the Congress has added irrigation, drainage, fish and wildlife preservation, recreation and municipal and industrial water supply as purposes to qualify for Federal assistance.

No program in the Department has had such universal response from the grass roots. In eight years nearly 3,000 local organizations have submitted applications for assistance on more than 1,850 watersheds. More than 200 pieces of legislation have been enacted in 43 States to facilitate this program. I am especially proud that Minnesota enacted a Water Resources Act while I was Governor.

States are rapidly increasing the appropriations for this program. This year 29 states are making available \$2 million for planning assistance, and we estimate these budgets will increase to \$2.5 million in 1964. I regret that budget pressures have forced the Federal Government to hold its planning assistance static for three years. In that time a backlog of 1,000 unserved applications has developed. They represent an area as large as the States of Mississippi, Kentucky and Illinois combined. However, we no longer limit the funds that States can make available to supplement Federal funds for planning. And we also are authorized now to provide matching funds for public facilities and loans for easements to preserve land in and around water impoundment for future use.

Local people and local government still bear a very large share of the cost of the Small Watershed Program. For example, local people have already bought or contributed 8,600 easements valued at \$11 million for reservoir structures.

Plans and proposals to implement new legislation are detailed in Attachment D, to be submitted.

Federal Farm Loans for Recreation, Fish, Forestry Enterprises

Title IV of the Food and Agriculture Act of 1962 expands the ability of the Department to assist individual farmers and groups of rural residents

to develop new sources of income. Under it, the Farmers Home Administration can provide credit and technical assistance for on-farm or community public recreation projects, fish farming and other activities which create new uses for cropland. Last year, a new program of loans for farm forestry was begun, and by March 1, 36 loans in 16 States had been approved. Early interest in this program has centered in the Southeastern States, with Georgia and Alabama each having approved more than \$50,000 in loans.

We have been amazed by the interest the public has shown in the new recreation loan program. Over 5,000 requests for information have been received and answered. This interest bodes well for the success of this approach to outdoor recreation development as a means of stimulating the rural economy. Sales of equipment, use fees, rentals and wages will add to the incomes of farm families and others in rural areas.

I am submitting attachments detailing plans and programs in addition to a number of pamphlets we have prepared in the Department on various aspects of the particular program.

Other New Programs Also Contributing to RAD

In addition to these broad new programs which I have mentioned here, there are a number of other newly authorized activities which form the material with which we are building a new framework of opportunity in rural America. I would like to describe some of them for you briefly.

Rural Housing

A major advance in meeting rural community needs is in the field of housing.

Housing for farm families, families who earn most of their income in off-farm work, the elderly in rural areas and migratory farm labor always has been a serious, indeed, a crying need in the U. S. At present

1.5 million homes on farms and in small towns are so dilapidated they endanger the health and safety of families living in them. Another 2 million rural homes need major repairs.

The Housing Act of 1961 authorized the Department to extend housing loans to non-farm families in rural areas. In 1962 the rural housing program was broadened to include housing for the elderly. If adequately funded, the expanded program will eventually solve the rural housing problem.

Last fiscal year \$96 million were loaned for rural housing. This year the amount is expected to double. Currently there is a backlog of 12,600 applications for rural housing loans, and the farm labor and elderly housing programs are just getting under way. The damage to homes in rural Kentucky, Virginia, Tennessee and West Virginia by recent floods will add to the need for housing loans.

An expanded housing program will not only help alleviate one of the easily recognized conditions of impoverished rural areas, it also will create new demands for labor and material...thus stimulating new jobs and increased economic activity.

Food Stamps

A low income family in rural America can be just as hungry as a low income family in metropolitan areas. While much of the attention focused on this highly successful program has come from the pilot projects in metropolitan areas, we have given equal weight to testing this program in rural areas. Last year the program was expanded to 48 projects balanced between rural and urban areas.

We are proposing this year that the program be placed on a permanent basis under separate authorization and with separate appropriations, and to be phased from its current financing arrangement under Section 32 funds over a period of two years.

We have found that this program provides a better diet for the needy, it does not require a separate distribution system as does distributing food directly, and it stimulates a higher level of purchases...and of economic activity. This is the condition we seek to create through RAD.

Rural Industry and Commercial Enterprise

The Department, in cooperation with Small Business Administration and the Department of Commerce, has begun a special program to encourage new and expanded industry, research and commercial enterprises in rural areas. It combines technical assistance, credit counseling and loans.

To assist in bringing this program into rapid operation, I have asked the local REA cooperatives to take the initiative in rural areas to encourage industrial development. They have responded magnificently.

Since July 1, 1961, with the help of local electric coops it helped launch or expand 402 industries and businesses. More than 50,000 new jobs in rural areas will be generated in these new businesses.

Of these 402 new or expanded businesses, 85 are directly related to farm processing and sales of farm products and 28 involve forestry products. There are 21 commercial recreation projects. The remaining 270 are a wide variety of industries and businesses.

Of the 402 projects, 284 are entirely new and 118 are expansions.

The following tabulation of financing sources indicates the complex technical job of combining credit counseling and loan making that is done:

--21 of the projects received part of their financing from

ARA for a total of approximately \$10,600,000.

--23 of the projects received part of their financing from

SBA for a total of approximately \$2,600,000.

--33 of the projects received some financial help from REA

borrowers which totaled approximately \$1,600,000.

-- At least 191 of the 202 projects received financing from banks and other private or state or local sources other than the Federal Government. That total from these sources involved in the 202 projects was approximately \$135,750,000.

-- Borrowers reported that 8 of these reported projects were partly financed with Section 5 funds for a total of \$561,068.

Less than 1 percent of the financing for these projects came from Section 5 funds. REA has loaned about \$1.2 million in Section 5 funds on 14 industrial and commercial projects. It represents only 30 percent of the financing with the remainder coming from other sources. Altogether, federal funds have played a relatively minor role -- more as "seed capital" than anything else. It is important to have it available to fill occasional credit gaps, but it is not a financing source to compete with other available sources.

I want to emphasize here that REA is giving full attention to all rural areas. Only recently I read a report of an area in Pennsylvania where the REA coop helped locate 4 new industries -- all served by private power sources.

Industrialization in rural communities will have small beginnings, but, as in Wautauga, North Carolina, Culpeper, Virginia, or Tupelo, Mississippi, we have found that after the first step, others follow more quickly. At Culpeper, a new watershed development led the way to three new industries. In Wautauga, new recreational facilities, new industries and emphasis on tourism have led to a complete economic revival. And in Tupelo, a long time downward trend in population has been reversed, through the introduction of new industrial establishments.

Some 2,000 counties have underway the development of over 4,000 projects of the type that led to the renaissance of these communities. Conservatively, we estimate these projects will develop at least 60,000 new direct jobs.

And each new employee means new purchasing power. The ten cent store, the hardware store, the barbershop, and the grocery store will be busier. New deposits will appear in the banks. More gasoline will be sold.

Most important, people -- the young people -- about ready to leave the area will take another look and some will decide to stay.

Other Federal Agencies Cooperate in RAD

Area Redevelopment Administration

In establishing the Area Redevelopment Administration, the Congress provided funds for loans and grants to stimulate industrial and commercial development, for needed public facilities, and for teaching people new skills.

There were some 800 rural counties designated to be eligible for this assistance, and the Department has assumed new responsibilities in administering this portion of ARA. Since the program got underway in the fall of 1961 over 400 applications for assistance have been received from these rural counties. About two-thirds of these have been for industrial or commercial loans and one-third for community facilities. In addition, more than 150 requests for technical assistance grants to make feasibility studies, market surveys, or analyses of economic development potential have been submitted. A total of 159 training projects also has been approved for rural areas under the Area Redevelopment Program.

Manpower Retraining

In addition, many rural areas are already utilizing the training services available under the Manpower Development and Training Act. Under this Act, rural people with income of \$1,200 and under are considered unemployed and eligible for the subsistence payments and other benefits.

Accelerated Public Works

More than 5,000 unemployed persons in rural areas were put to work in the National Forests the first week funds were available under the Accelerated Public Works Act. Between 8,000 and 9,000 were at work in the forests during the last two months of the year. In some areas as many as one-third of the people employed came from the relief rolls. The work being done includes improvement of timber stands, development of camp and recreation areas, construction of timber access roads, and improvement of wildlife habitats. There are, in addition some 140 APW projects in state forests. Altogether, the Department is administering accelerated public work projects with some \$34.8 million.

New Programs Blended With Reoriented On-Going Programs

Up to this point, in my statement, Mr. Chairman, I have been discussing the Department's Rural Areas Development Program as it has formed around new legislation. I should like to turn for a moment to the on-going programs of the Department and discuss with you how they are contributing to the goals for RAD.

Conservation

The conservation of our land and water resources is as urgent now as ever. They represent the major resources which support rural America, and on which the new rural development programs will depend.

The need for acceleration of the application of conservation measures to land is evident at every hand. Over 98 percent of privately owned rural land is affected by one or another of the major conservation problems that limit land capabilities.

Many of the Soil Conservation Districts have entered into a new basic memorandum of understanding with the Department in recent years to enable these districts to modernize their programs and work plans.

I strongly recommend that you approve the modest increase recommended by the President for the Soil Conservation Service to use in assisting the districts in their work. Soil Conservation District organizations are supplying, in addition, much of the knowledgeable local leadership for the rural areas development program and the district work is an integral part of resource development.

Forest Conservation and Development

Appropriations for the Forest Service, I know, do not come within the purview of your Subcommittee, but I would like to call attention to the fact the rural areas development is in large measure dependent upon the proper utilization and development of our woodlands. Management of farm forests and the far-flung National Forests are both important. Income for many areas in the western states is increasing through recreational use of forest resources, and there is a growing need for more intensive forest management to keep up with an exploding public demand for recreation. Recreation visits since 1957 have climbed from nearly 60 million to 112 million in 1962.

Great Plains Conservation Program

Another on-going program of the Department contributing to rural areas development is Great Plains conservation, now in its fifth year of operation. It anticipated the Department's long-term objectives to fill other needs -- urban growth, recreation, grass and other non-crop uses-- for cropland. Of the approximately three million acres of cropland now covered in Great Plains conservation program contracts, almost one-fourth have been involved in a conversion of crops to some other use. Further detail concerning this program is in Attachment F, to be submitted.

River Basin Surveys

A highly significant advance we have made this year is the establishment of coordinated joint planning of the budgets for river valley basin surveys.

At the request of the Bureau of the Budget, representatives of the Department participated with representatives of the Corps of Engineers, Bureau of Reclamation and Public Health Service, under the Chairmanship of the Department of Interior, in a first effort of its kind to develop coordinated river basin planning budgets for the fiscal year 1964. The results of this effort reflect a minimal initial participation by this Department in various of the forthcoming comprehensive river basin surveys. A need may be expected for substantially larger amounts in subsequent years to continue this participation on an adequate basis.

Organizing for RAD

At this point I would like to outline what we have done to organize the Department for the long time job ahead in rural areas development and conservation. First, I want to describe the effective job which the Cooperative Federal Extension Service and the Land Grant institutions are doing in helping local communities to organize rural area development committees.

As I have stressed throughout this statement, the success of RAD rests entirely in the hands of the local leaders in each area. Federal and State government is, at most, a junior partner in this operation.

Local leadership will make or break RAD...for local leadership has always determined whether a community grows or declines. Only in rare instances has a community prospered in spite of itself.

Local leaders must be willing to give their time and effort to affairs that affect their community...and by local leaders I mean representatives of business and church groups, labor organizations where they exist, farm groups and civic groups with a vital interest in ways to make the rural economy grow.

The measure of how local leaders have responded to the efforts of the Extension Service and the Land Grant institutions can be seen in the 50,000 rural and town leaders who are now participating in various RAD activities. About 2,000 rural counties and areas have organized RAD committees. About 675 of them have completed their initial development plan...and 700 more are in process.

Our program rests on these RAD committees. Obviously their resources are limited, and they need help. To provide a maximum of technical assistance and counseling, we have organized USDA field personnel in these areas into Technical Action panels. We have directed these panels, made up of the local FHA supervisor, soil conservationist, forester, ASCS representative, and others, to assist the local RAD committees in every possible way.

Quite frankly, the greatest weakness of the whole RAD program lies in this area. The Department's field personnel have many other responsibilities which require much of their time. In addition, they do not possess the necessary training or have all of the necessarily complex information which the techniques of economic development require.

Skilled technical people in this field are difficult to find. For one thing, there are not enough people trained to perform this function -- and if there were, there would not be enough money available to pay them.

We are, however, doing a fairly successful job. We can't wait because the people in rural America can't afford to wait.

Here in Washington, I have reorganized the program agencies most directly involved with the RAD program to place them under an Assistant Secretary for Rural Development and Conservation. He is John A. Baker, and he has the responsibility for direction and supervision of Farmers Home Administration, Soil Conservation Service, Farmer Cooperative Service, Forest Service, Rural Electrification Administration, and the Office of Rural Areas Development. He also serves as chairman of the Rural Areas Development Board, the Land and Water Policy Committee and of the public advisory committees for rural areas development, soil and water conservation policy and multiple-use of national forests.

The local and state Rural Areas Development Committees and technical action panels coordinate the several phases of the programs at their respective levels, assuring unified and concurrent action by all of the Department's agencies in each area.

At the national level, the Rural Areas Development Board, the Land and Water Policy Committee and the Office of Rural Areas Development coordinate the RAD activities with other agencies which have special program responsibilities, particularly the Agricultural Stabilization and Conservation Service and the Federal Extension Service. We are convinced that close coordination and continuous liaison among the several agencies involved will promote both effectiveness and efficiency in attainment of desired results.

All of the agencies of the Department contribute in one way or another to the general aims of rural areas development. Practically all of the new and on-going programs of Farmers Home Administration, Rural Electrification Administration, Soil Conservation Service, Farmers Cooperative Service and Forest Service are directly involved. Important programs or phases of the work of Agricultural Stabilization and Conservation Service and Federal Extension Service are also directly involved. Agricultural Marketing Service and the research agencies also provide needed knowledge and technical service on specialized problems. Functional aspects of the rural areas development effort such as encouragement of rural industrialization, emphasis on income-producing outdoor recreation enterprises on privately owned rural land, and encouraging better rural community facilities will cross agency boundaries. Moreover, not all of the Federal programs that contribute to the success of rural areas development efforts are located within the Department of Agriculture. Several other Departments and Independent Agencies are involved.

We have sought to unify all of these services to respond effectively to the needs of local development and planning groups. To do so we have established administrative mechanisms to maintain necessary continuous liaison with other Departments of government and to provide close coordination among agencies within the Department of Agriculture.

Office of Rural Areas Development

The Office of Rural Areas Development is a small staff unit that functions something like a telephone switchboard with a curious operator. It reviews and analyzes program activities and makes sure the proper agencies are plugged into the right problem. It maintains contact with other Departments, and keeps their contribution to RAD flowing along the right line. It also does staff work for the policy boards under the Assistant Secretary. It draws its support from ARA and APW funds and from funds appropriated directly to the Department.

Strengthening the Family Farm

Thus far I have emphasized the vital new program we are developing within the Department to bring new opportunities to those who live in rural America. I consider this effort as one of the twin pillars on which prosperity in rural America rests.

The other pillar is a strong and viable family farm system of agriculture. In many areas it will always be the basic generator of healthy economic conditions. It will continue to increase in efficiency, but that increase should no longer come at the expense of a fair return to the producer.

We have seen in the past two years what improved farm income can do for rural America...and I think the facts show that all Americans have benefited in one way or another. As you know, gross farm income increased \$2 billion in 1961 over 1960, and last year was \$2.7 billion higher than in 1960. Net farm income has increased \$1.1 billion in 1961 and \$1.2 billion in 1962 as compared to 1960.

Recently, we made a survey of what happened when farmers were able to earn a little more income. The results are impressive. Farm families are planning to buy more home appliances, automobiles and other consumer items in addition to farm equipment and material.

Deposits in country banks at the end of 1961 had increased by over 6 percent. The value of farm machinery shipments during the first 9 months of 1962 increased 8 percent over the like period in 1961, an indication of improved sales. And farm equipment makers are reporting higher sales and higher earnings.

Unemployment in the industrial centers where farm equipment makers are located has declined on the average to levels which are much lower than the current national figure. In these areas, the rate of ~~un~~employment is about that which we would expect under conditions of full employment.

And during all this, food costs to the consumer have remained relatively stable...and in relation to income, food costs have declined to about 19 percent of the average family's spendable income...lower than at any time in history.

This progress has come because of actions taken by the Congress in 1961 and 1962. We are beginning to face some hard facts realistically ...and because what has been done represents only a fraction of the progress we should make, there is a clear need to continue to be realistic...and to act accordingly.

This committee is well aware that the other prime producers in the economy, by their control over supply, can create a workable relationship between supply and demand in the market...and so receive a fair return. The oil industry is a good example of this, as are the steel, automobile and chemical industries.

Agriculture has never been able to do this. Under these conditions the farmer...as has been true since the dawn of time...will not be able to compete successfully for his fair return on what he produces with increasing efficiency. The farmer today lacks muscle in the marketplace -- muscle which the rest of our highly organized society has and uses...to the farmers loss.

The RAD program over the long haul will move land and water resources which are presently producing food and fiber in excess of needs into other productive uses. In the process, new income will become available in rural America...and new needs will be met which will benefit urban America.

Some day there may be a balance. Then we will use land and water resources only to the extent necessary to produce food and fiber in the quantities which will meet all needs at a fair price. Then no longer will there be an excess quantity of farm products to depress farm income...and require high Federal expenditures.

This is the goal we seek to reach. However, we should be realistic and recognize that in our complex society a perfect balance for all commodities will be a rare occurrence. In addition, as the resource adjustment to new conditions takes place, the present imbalance for many commodities will continue. This means that we will continue to need commodity programs.

As to the kind of program, the question simply is: What will work?

This administration has no dogma, but only the belief that the family farm system should be strengthened. Our first preference in this effort is to use self-help programs where ever possible. One way is through the cooperative movement where farmers can join together to market what they produce and buy the equipment and material they need.

Next are the marketing orders of various kinds where farmers determine the conditions under which they will operate, and where the farmers run these programs with the Department sitting on the sidelines to guard the public's interests.

Next are the national programs of various kinds -- either voluntary or mandatory -- with or without acreage diversion payment . . . or production payments. The exact forms will depend on what will work . . . what is acceptable . . . in terms of public attitudes and taxpayer costs.

Last year we proposed a mandatory feed grain program. It would have worked . . . but the Congress would not accept it. Instead, the Congress provided a voluntary program similar to those proposed by the administration for the 1961 and 1962 crop years.

I am frankly delighted that the voluntary programs have turned out more successfully than expected -- although it is costing about \$600 million more this year than the mandatory program.

The key point is that feed grain stocks, as a result of the 1961 and 1962 programs, are down to about 60 million tons, and will provide savings over time of over a billion dollars. Already, we are budgeting \$150 million less this year than in 1962 for feed grain storage and other carry charges.

The key point is the voluntary approach is working...and it may work permanently at much more moderate costs now that we can anticipate the end of feed grain surpluses.

New dairy legislation is needed urgently. Taxpayer costs are running near \$500 million a year while the income of the dairy farmer has fallen by more than \$100 million. No definite, workable program with sufficient support for passage has come to the fore as yet. We hope that as the Congress progresses, some concensus will develop.

The present cotton program also presents problems. It now is being considered by the Congress. New proposals would provide payments to reduce the cost of cotton to U. S. mills and enable them to compete with foreign manufacturers who are now benefiting inequitably from our export subsidy. More acres could be made available to those willing to produce at world prices.

These proposals also would seek to improve the competitive position of cotton in relation to man-made fibers...and still maintain our competitive position in world markets. We hope that a broad enough concensus can be found to enact such a program.

Today is the third time I have appeared before this Committee. I start my third year as Secretary of Agriculture with cautious optimism. Significant progress has been made these past two years. There is today a greater public understanding of agriculture's importance...of its contribution to the national well-being...and of its needs.

I am pleased to report there will be 1.1 billion fewer bushels of wheat and feed grains in inventory and under loan at the end of the marketing year than we had at the same time in 1961. We are currently saving \$770,000 each day because of the reduction in grain stocks which are about one billion bushels below the peak levels reached in 1961. These savings will accrue each day of this year for the taxpayer. Next year, the daily savings will be higher. And in 1965, if the Congress provides new feed grain legislation...and the wheat farmers approve the 1964 wheat program in the referendum...these savings will mount even higher.

Net farm income in 1961 was \$12.8 billion, some \$1.1 billion higher than in 1960. Last year net farm income rose to \$12.9 billion, the highest since 1953, and some 10.3 percent above 1960. Per capita personal income of farm people rose nearly 14 percent from 1960 to 1962, reflecting a 17 percent increase from farm sources and about a 9 percent increase from non-farm sources.

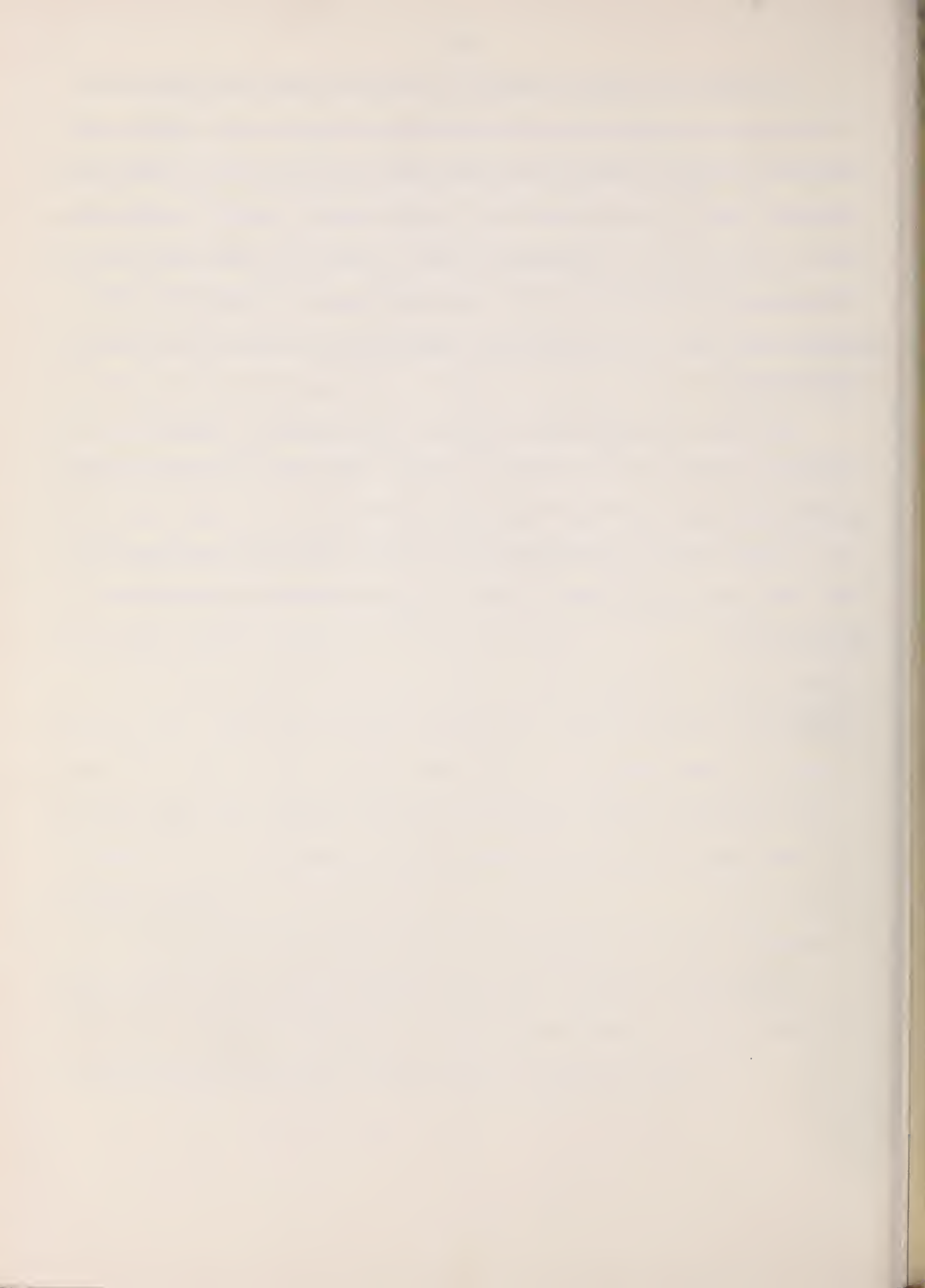
It has meant that many farmers are paying off old debts. Some are again saving money, for bank deposits are up. It also has meant that farmers are buying more because, in the words of Barron's Weekly, farm equipment manufacturers had "two fat years" in 1961 and 1962.

We also are doing our job in the Department more efficiently today. In the case of the Agricultural Stabilization and Conservation Service, the agency most directly concerned with the farmer, we have revised downward the estimates of what we feel is needed to run the agency. In other areas, the budget requests reflect an increased level of services at less cost than we would have been required if we were using systems and procedures in effect even two years ago. I am attaching a statement which details this further. (Attachment H)

And all during this, food costs to the consumer have remained relatively stable...and in relation to income, food costs declined in 1962 to about 19 percent of the average family income.

There are many problems yet to be solved...and the answers are not easy. But I am confident that we will find those answers...and continue moving forward.

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U.S. Department of Agriculture
Office of the Secretary

10, 1963
I would like to compliment my host. This meal is an epicurean delight. Epicurus, you will recall, was a Greek philosopher who believed the important thing in life was to enjoy its pleasures. There is more to life than seeking out its pleasures, of course, but when something as good as this meal comes along...well, I think we ought to enjoy it.

I most emphatically agree with you that a meal like this fully justifies a week of special recognition. With a start like this, New England Food Products week will be a smashing success.

While we pay tribute to the food products of New England...and to the culinary art that made possible the pleasure of the table we enjoy, we should look deeper into the reasons why we are so fortunate that we can celebrate a special week devoted to food abundance. It could happen only in America. In many lands, having enough food for the next meal, let alone a week, is cause for celebration.

A number of questions very properly come to mind at a time like this.

From where has America's food abundance come?...why do we, of all nations, have such abundance?...what are we doing with it?...and how can we make even better use of it today and tomorrow...both here at home and around the world?

Most Americans take the food abundance we enjoy pretty much for granted. That's understandable. Food, like the air we breathe and the water we drink, is easily available to most Americans.

Address by Secretary of Agriculture Orville L. Freeman before the Advertising Club of Boston, Hotel Somerset, Boston, Mass., March 26, 1963, 12:30 p.m. (EST).

After all, in America today we have more than enough food to meet the nutritional requirements of all our people. And more than that, we have food to enjoy. We barbecue steaks in our backyards. We roast hot dogs on the beach. Food is an almost casual part of our social gatherings.

Perhaps most important of all, the food we have so readily available is produced by less than 8 percent of our work force. Most of us are free to go on producing the automobiles, the homes, the appliances and all the other things which give Americans the highest standard of living in the world rather than grubbing long hours in the hot sun with primitive tools to extract enough to exist.

In the midst of all this plenty, it is sometimes hard to realize that history is a record of men and nations seeking freedom from hunger... often at the expense of their neighbors. They have struggled for the fertile valleys and flood plains. Wars have been fought to gain enough territory to insure enough food. People have migrated into new, forbidding, sparsely occupied areas of the world when population pushed too hard against the supply of food.

We speak of the Golden Age of Greece, but food was the primary problem for the average Greek then too. His diet was mostly a simple dish our grandparents would have called porridge...cooked cereal grains. They had some olive oil, figs and a few vegetables. But anything that wasn't porridge was dessert, and if the crops failed they ate acorns again.

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The fear of hunger was always there. A Greek prince named Menelaus wrote of his travels through Egypt and Libya. The pyramids must have been as impressive as they are now, but Menelaus never mentioned them. The one thing he saw that filled him with wonder...the thing he couldn't forget... was that in Libya everyone had cheese, milk and meat.

Hunger stalked the Middle Ages too. Millions of people starved to death during famines. Over a period of four hundred years, between 1200 and 1600, England suffered a famine about every 14 years.

One of the best-sellers of George Washington's day was an early how-to-do-it book written by a Frenchman. It was called "Nutritive Vegetables that may be Substituted for Ordinary Food in Time of Scarcity." It told how to make bread out of tree bark, and how to tell bitter acorns from good ones.

Even today hunger is no stranger. Last year the Department of Agriculture published the results of the first comprehensive survey of world food needs. Less than one-third of the world's population has an adequate diet even today. In most of the less-industrialized nations, diets are short in proteins, fat and calories; their population is expanding rapidly, malnutrition is widespread and persistent, and there is little likelihood that the food problem will be solved soon.

But not in America. American agriculture has eliminated the fear of famine. Year in and year out...regardless of floods, storms, droughts,

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insects and other natural disasters, we maintain and constantly improve our high level of nutrition.

And we spend less for this food abundance than any people anywhere... anytime...in history. The American housewife doesn't always realize this, but it is true. The average American family today spends only 19 percent of its income for food. Ten years ago food costs took 23 percent of the family income. And today in most countries, food costs range from 30 to 80 percent of family income.

One of the reasons food is such a bargain today in America is that the farmer has been, and is, subsidizing the consumer. It's hard to believe, but it's true. We have heard so much for so long about subsidies to farmers that we no longer look to see what actually is happening. Had food prices at the farm increased as much as the cost of other goods and services during the past decade, we would be paying \$4 to \$6 billion more a year for food. It means the housewife today has an extra \$100 to spend for other things. Thus, the ~~complaint~~ over subsidies has all but drowned out the fact that, even including the payments made to farmers, the food we buy today takes less of our income than it did 10 years ago.

All in all, our food abundance is a remarkable achievement. It is America's number one success story.

The power of this accomplishment is all the more dramatic when it's contrasted with the Iron Curtain countries. In Red China, the much heralded step forward in agriculture has been followed by a mile run

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in the other direction. Mis-management compounded by weather has created chaos in the Chinese agriculture. Food output has not increased beyond the 1958 level -- and it may even have declined -- while each year China has had 15 million new mouths to feed. The average Chinese is believed to be getting only about 1500 calories per day -- a level which leaves little energy for physical labor. The harvest this year has improved, but the Chinese still face shortages and a continued drain on foreign reserves-- badly needed for capital investment--to buy food.

The blight of Communism is equally evident in Cuban agriculture. When Castro took power in January 1959, Cuba ranked third among the 20 Latin American countries in per capita food consumption. Now, four years later, Cubans get one-third less fats and beans per capita and over 40 percent less rice than they did before the Castro take-over. Both food and clothing are strictly rationed. Sugar production has fallen far short of Cuba's commitments to other Communist-bloc countries.

In Russia itself, Khrushchev has openly confessed that the apparatus of agricultural management must be radically rebuilt. The Russian diet still runs heavily to starches, and production of meat, milk and grain is far behind schedule. He recently compounded the errors by clamping down on privately-owned plots which account for about 3 or 4 percent of the cropland but which produce over 64 percent of the potatoes, 46 percent of the meat, 45 percent of the milk and 78 percent of the eggs. In the case of meat and milk, some feed used for animals comes from the state-owned lands.

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But the American farmer has shown the world how to achieve the fundamental goal of agriculture -- enough food and fiber for us all. His productive capacity is the envy of the Communist and non-communist world alike. There may be arguments about which nation has the best missiles, and there are some who believe the Soviet educational system is achieving better results than ours...but there is no doubt anywhere that American agriculture -- the family farm system -- rates number One. And it continues to improve each year.

Now, the very fact that we can produce food abundantly in this land carries with it a new and exciting challenge. How are we making use of this great blessing in a world where two-thirds of our fellow men go to bed hungry? Are we applying this enormous power to serve useful and beneficial purposes?

The answer is that we are finding it difficult to live in an age of abundance...not so difficult as the age of scarcity we so recently left behind, but still perplexing. However, we are learning day by day...and we are doing better each day as we develop the techniques for bringing food to those who need it.

For example, this very noon-time, more than 15 million American school children are eating well-balanced lunches in school cafeterias operated under the National School Lunch program. In the past two years, we have expanded this program to provide for the increasing number of children in our schools...and through the extension of special technical help and increased financial aid, we have enabled about 1,200 especially needy schools to provide nutritious luncheons for about 22,000 children. These schools are primarily in depressed areas, and we now provide them financial assistance because we believe

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healthy, well-fed children are better students. Overall, the Department last year provided over \$180 million worth of food to encourage schools to serve nutritious and low-cost lunches.

The Special Milk program, a close relative of the School Lunch program, encourages children to drink extra milk. Last year, the Department paid part of the cost for over 2.6 billion half-pints of milk served in 88,000 schools, child care centers, summer camps, orphanages and similar institutions.

The greatest need for our food abundance is found among those people at home and abroad who, for reasons mostly beyond their control, cannot get the food for an adequate diet. It is here where we are making important and gratifying progress. President Kennedy in his campaigns in 1960 recognized the need for a richer and more varied diet for those depending on direct distribution foods. His first executive order directed that his promise be put in action.

Currently more than 7 million Americans -- nearly 3 million more than just two years ago -- are receiving food through an expanded direct distribution program. It's a better program today than two years ago. It includes canned meat, peanut butter, rolled oats, butter and dried beans now in addition to the lard, flour, corn meal and dried milk to which it was limited in 1960. It doesn't provide the variety which most of us enjoy, but it does allow for a far more nutritious and balanced diet than it did. In addition, we have found that many families receiving food did not know how to prepare adequate meals, and we have been providing food preparation instruction where it is needed through special schools, television and radio programs, newspaper articles and recipe books.

In 1961, we began a food stamp program. The direct distribution program is administratively difficult and costly and often fails to adequately meet the needs for a well-balanced diet among needy families. The first two years of the food stamp program have been experimental. We began with pilot programs in eight areas, and by June will have expanded these to 47 rural and urban areas. Needy families in the program areas can buy food stamps with the money they normally would spend for food. They get additional stamps sufficient to expand their food purchasing power and upgrade their diets to a satisfactory level. We have found that these families use the additional buying power for vegetables, fresh milk, meat and other high protein foods. Diets are being upgraded. In Detroit, for example, weekly meat purchases increased one pound per person, while dairy products increased 45 percent. The number of families receiving what we consider an adequate diet increased from 26 percent before the program to almost 50 percent -- nearly a 100 percent improvement.

Acceptance of this program is universally good. Those buying stamps like it because they pay part of their own way, and can shop in stores rather than wait in food lines. Retailers like it because it increases their sales about 8 percent. We like it because it provides a much better diet and increases the use of food...and also means we can use an established, efficient distribution system rather than create a second parallel concessional system as has been done in the direct distribution program. The President has recommended to the Congress that the Food Stamp program be made permanent. Such legislation is now pending. I feel confident it will become law and represent a historic step forward in making better use of America's food abundance

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Let me turn now to how we are using our food abundance in other nations.

In all history, the world has never seen the likes of our Food for Peace program. Usually, the strong and powerful nations take food from the smaller and weaker...either by force or by some pressure short of war. Since 1954, however, we have made over \$11.3 billion worth of food, fiber and other farm products available to over 100 countries, reaching over 1.3 billion people. When history weighs America's contribution to civilization, this one act could well be our crowning achievement.

It has not been an easy task, for it is not easy to share this quantity of food. Almost everytime I go to speak someone asks: "With all this talk about over-production of food, and with so many hungry people in the world, why don't we just feed them?" I wish it were that easy.

It is true that so long as there are hungry people in the world, there can be no real surplus of food in this country. But having posed the ideal solution, there are, as always, some practical obstacles that get in the way. To reach those hungry mouths requires transportation, storage facilities and distribution systems. Yet all of these are seriously inadequate in the countries where the need is greatest. How do you set up a distribution system in a proud, newly independent nation where most of the food is eaten within miles of where it is grown...where trade between villages is limited by the efficiency of donkey trails...and where storage facilities are of little use since there is little to store?

Nevertheless, much has been done. Each month we reach more people with American food which not only sustains them...but also is being converted into the capital investments -- roads, schools, education, public facilities -- which are the basis of economic growth.

Last year we shipped some \$1.6 billion worth of food and fiber to other countries. It is being used to relieve hunger and suffering. It provides food for school children. It is helping underdeveloped nations to carry out irrigation, reclamation and reforestation projects; to improve railroads, highways and bridges; to construct electric power generating facilities; to build hospitals, clinics and schools. One of the most rewarding experiences of my life came in this connection during a visit two years ago in Pakistan. In talking with the council of a small village, I found they wanted a school but could not afford to build one. I told them the U. S. would supply food as wages if the men of the village would do the work. They accepted. The school is now built, and it stands as a constant reminder of American food abundance.

Our food abundance is serving a great cause, and, because we are helping other people to help themselves, it provides us all with a tremendously rewarding experience. We are fulfilling our moral commitment...and have become the first nation in history to do so on such a massive and sustained basis.

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We build America's power and prestige in this manner as surely as we do through military strength. Wherever I have traveled in the newly emerging countries I have found again and again the thought expressed with deep feeling that food in the stomach means more than missiles in the sky. We ought never to forget this.

There is another reason, too, why our abundance is an asset...a source of power. Our food reserves have great value in the event of disaster -- natural or man-made. I still recall vividly the days of the Cuban crisis when war hung by the slender thread of man's reason. Of the many things which troubled the President, adequate food supplies were not one of them. There were no runs on food. Instead a quiet confidence prevailed -- everyone knew we had enough food to meet any contingency.

Last month we saw another example of the value of food reserves.

When floods drove thousands of people from their homes in Tennessee, Kentucky, West Virginia and Virginia, USDA donated foods were available within a few hours for emergency feedings.

Where droughts, floods or extreme cold has occurred, the USDA also has made feed available to sustain animal life. In the past two years, 655 counties have been declared disaster areas for these reasons and feed has been provided. Everywhere...and anywhere...natural disaster strikes in the world -- whether it is earthquakes in Chile or volcano eruptions in Bali -- American food will soon be there.

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If you haven't thought about the enormous power we derive from our food abundance, I believe these facts vividly demonstrate how important and how successful is American agriculture. Rather than a problem headlined "subsidy and surplus" which is the usual treatment American agriculture receives, especially from the Metropolitan press from one end of this country to another, American agriculture is clearly our Number One national success story.

The man who has made all this possible is the American farmer... yet he gets little by way of either appreciation or financial return for his extraordinary accomplishment.

He is a man unique in our economic system. Some three and a half million farmers sell at wholesale and buy at retail. As a result, the farmer with little muscle in the market place ends up low man on the economic totem pole. This isn't news -- actually the farmer has been low man since the dawn of time. His only protection today is the organizations he has developed -- cooperatives to help him market his crops and purchase his supplies -- and the farm programs he has worked to secure from state and national governments over the years.

In the brief time remaining, let me quickly summarize what the farm program is...and why we have one.

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First, and most important, farm programs..commodity programs... provide the farmer with the opportunity to stabilize his production at levels which meet consumer needs and provide the farmer with a fair price. Commodity programs are economic tools to give farmers the muscle they lack individually in the market.

The need for these programs is obvious. Last year, per capita income of farm people from all sources was 14 percent greater than in 1960 and set a new high of \$1,430 -- but this still was less than 60 percent of non-farm per capita income. Net farm income in 1962 reached its highest level since 1953 -- some \$12.9 billion. But even this meant that net income per farm stood at only \$3,498 at a time when the average investment per farm is \$47,632.

We know from the projections of four separate independent studies that if price support programs were to end tomorrow, gross farm income would fall almost immediately about 25 percent...and net farm income would decline even more sharply.

The reason for this is not hard to understand. Low income on the farm is the result of over-production. The economics of agriculture is very simple. If you do not have quite enough food, you will pay almost anything to get enough of what you need. But if you have just slightly too much, you won't pay much for the excess because the stomach will stretch only so far. How many of you, for example, would pay \$10 or even \$5 to sit down right now and eat another meal just like the one we have eaten here? Even if the price were \$1, I doubt if there would be many takers.

That's the story of agriculture. The farmer has become increasingly efficient, and produces more and more on fewer and fewer acres...always just a little bit more than the market can take at a reasonable profit.

This Administration proposes a two-phase approach to solve this paradox. For the short range, recognizing that we must strengthen the family farm system of agriculture, we believe a series of commodity programs aimed to bring a temporary balance between what is produced and what is needed will provide farmers with the opportunity to earn a fair return for his investment, skill and labor.

We have no dogma, but only the belief that the family farm system should be strengthened. The story of agriculture that makes today's headlines is the product of dogmatic, inflexible thinking that ignores the swift forces of change on the farm today. Commodity programs are not, and can never be, final solutions. They are needed because individual producers cannot adjust as rapidly as the rate of change which science and technology bring to farming. There is no theory which spells out the answer for each case. Rather we must be guided by the flexible and pragmatic approach of seeking out programs that work in each situation.

In the long run, we will need to put land which is producing crops we cannot utilize effectively to more productive uses. We propose to achieve this goal through the new and dynamic program of Rural Areas Development... which is designed to bring new opportunity to those who live in rural America.

Let me emphasize we are seeking to find new and productive uses for land. I dislike the idea of idling land...of putting it in soil banks or reserves. Land is a resource we must conserve...and use to serve the needs of all people.

We are proposing through RAD to encourage farmers to help satisfy the unmet needs of the urban and metropolitan community for open, green spaces and for outdoor recreation by using land no longer needed to produce an over-supply of food. We know that there is a growing need for outdoor recreation... a need which cannot be adequately met by development of publicly owned land and water resources. But it can be met by "growing" recreation at a profit in place of crops.

Over the long haul we believe the RAD program will move land and water resources presently producing food and fiber in excess of needs into other productive uses. In the process, new income will become available to rural America...and new needs will be met which will benefit urban America.

Some day, then, there may be a balance. Then we will use land and water resources **only** to the extent necessary to produce food and fiber in the quantities which will meet all needs at a fair price. Then no longer will there be an excess quantity of farm products to depress farm income... and require high Federal expenditures.

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Let me in closing recall to your attention the enormous success of the American farmer...and the power we derive from his accomplishment. Each of us has a stake in seeing that he gets a fair share of the prosperity we enjoy.

As you tell the people of New England in the coming week about the merits of the tasty, wholesome food produced here, I hope you will also find a few kind words for the men who have made it possible.

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JUN 7 1963

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MAY 9 - 1963

Secretary of Agriculture Orville L. Freeman said today ^{C & R-ASF} that the National Wheat Referendum May 21 will be a "down to earth, dollars and cents decision for wheat farmers."

He noted that the consumer and taxpayer also have an interest in the referendum and that other nations around the world will be watching it closely.

"The consumer and taxpayer will watch this referendum with special attention to determine whether the farmer is really serious about cutting surpluses and taxpayer costs," Secretary Freeman said.

"Urban groups have heard much talk for over a decade about the need to reduce surpluses of grain and bring down the cost of maintaining huge stocks of grain, but only in the last two years have they seen any action to accomplish this goal."

Secretary Freeman said that stocks of grain in government storage are down 1.3 billion bushels from the peak levels reached in 1961 before new programs took effect.

"We are saving over \$920,000 each day as a result of this action . . . \$920,000 less than we were spending two years ago to store and handle wheat and feed grains in government storage.

Excerpts from remarks of Secretary of Agriculture Orville L. Freeman at the Spring Conference, National Federation of Grain Cooperatives, Mayflower Hotel, Washington, D.C., 12:15 p.m. (EST), April 2, 1963.

"A 'yes' vote on the referendum will authorize the machinery to eliminate costly wheat surpluses. In a few years we will drop from the 1.2 billion bushels on hand currently to about 600 million bushels, the necessary stabilization and security reserve level.

"The reduction in grain stocks has been accomplished at the same time that farm income has been improved," Secretary Freeman said. "Net farm income in 1962 was \$12.9 billion, some \$1.2 billion above the 1960 figure."

"As a matter of public policy, we have balanced the concern of the non-farmer to bring surpluses down to necessary reserve levels with the concern of the farmer to strengthen farm income and provide an opportunity for farmers to earn better incomes.

"The wheat legislation enacted last year extends this policy into a continuing program, subject to approval by farmers in the May 21 referendum. Thus, the urban and city dweller and their Congressional representatives will be watching to see if the farmer will support a program which will continue the progress of the last two years."

The Secretary noted there were strong differences of opinion over the form of wheat legislation at the time it was enacted last year. "It was a bitterly fought issue in the 87th Congress. But it was settled, and the decision was made to continue the successful beginning then under-way to reduce grain surpluses and improve farm income."

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The referendum on May 21 is not a continuation of the debate which the Congress decided last year, Secretary Freeman said. "It is a down to earth dollars and cents decision for wheat farmers, since they will decide then the price they will receive for the crop they grow in 1964."

He quoted from a letter which President Kennedy sent to M.W. Thatcher, President of the National Federation of Grain Cooperatives and Chairman of the National Wheat Referendum Committee, a group of farm organizations supporting a "yes" vote in the referendum:

"Had the Congress intended new legislation to be considered as an alternative to wheat marketing quotas, I believe it would have so provided. Instead, Congress provided a stop-gap program of 50 percent of parity (\$1.25 a bushel) for those who elect to observe allotments if the referendum should fail in 1963. It also provided an opportunity for the wheat farmer to vote again in 1964 after he had a chance to see what happened under the stop-gap program. It is clear, then, that no new wheat legislation was intended or is needed this year," President Kennedy wrote.

The leadership in the House and in the Senate and the Chairmen of the Agricultural Committees in both Houses have made it clear that they do not expect any wheat legislation this year, the Secretary said. "City Congressmen have repeatedly said they would vigorously oppose any wheat legislation this year. No wheat farmer should be influenced in deciding how to vote by the argument that there will be a better program enacted by Congress this year if the referendum fails."

Freeman said his role, and the role of the Department, is not to tell the farmer how he should vote, or even to advise him how to vote. "Our function is to present the facts and provide the farmer with the information he will need in order to make an informed decision in the referendum.

"And the facts are those developed by the best economists in the Department and in the Land Grant Universities. With a "yes" vote, the price of wheat will be \$2 a bushel; with a "no" vote, \$1 a bushel. With a "yes" vote, gross wheat farm income will be \$2.3 to \$2.4 billion; with a "no" vote, \$1.5 to \$1.6 billion. With a "yes" vote, there will be 49.5 million acres of wheat planted; with a "no" vote, between 65 and 70 million acres. With a "yes" vote, wheat production will be 1.2 billion bushels; with a "no" vote, 1.5 billion bushels.

"In other words, wheat farmers will earn \$700 million more if the referendum is approved than with a "no" vote. This is because there will not be 300 million bushels of wheat with no place to go except into the market to depress farm prices . . . 300 million bushels of wheat that we cannot eat nor sell abroad nor give away.

"The price of wheat would be about \$1 a bushel with a "no" vote, and the public would still own over a billion bushels of wheat now in storage. This wheat could not be sold since the support price will be at 50 percent of parity, and the law prevents the Department from selling any lower," Freeman said.

"The vote on the wheat referendum also has international implications. The fact that there could be some 300 million bushels of wheat without a home in 1964 is a cause of grave concern among our world allies.

"They recognize that we would be faced with the choice of either breaking our commitments under the International Wheat agreement . . . or of taking the most extraordinary measures to avoid this action."

Secretary Freeman pointed out that the IWA involves 20 years of work among 36 nations and said it would be "tragic" if this progress to develop reasonable trade relations on wheat were destroyed by the decision of a minority.

"The presence of 300 million bushels of wheat in a position to be dumped on world markets also would have a serious effect upon our negotiating position with the Common Market at a critical time. The effects of a "no" vote could be as damaging to our future wheat exports to the Common Market as if the Common Market were to set a high internal price level for the wheat its member nations grow.

"To prevent the ruthless price cutting competition from disrupting the markets of domestic producers, a situation which could develop among major wheat exporters if dumping began, the Common Market might well act to protect its farmers with even higher restrictions on wheat than at present. The result would be that--as prices of U.S. wheat dropped, foreign markets--especially in Europe--would shrink rather than expand.

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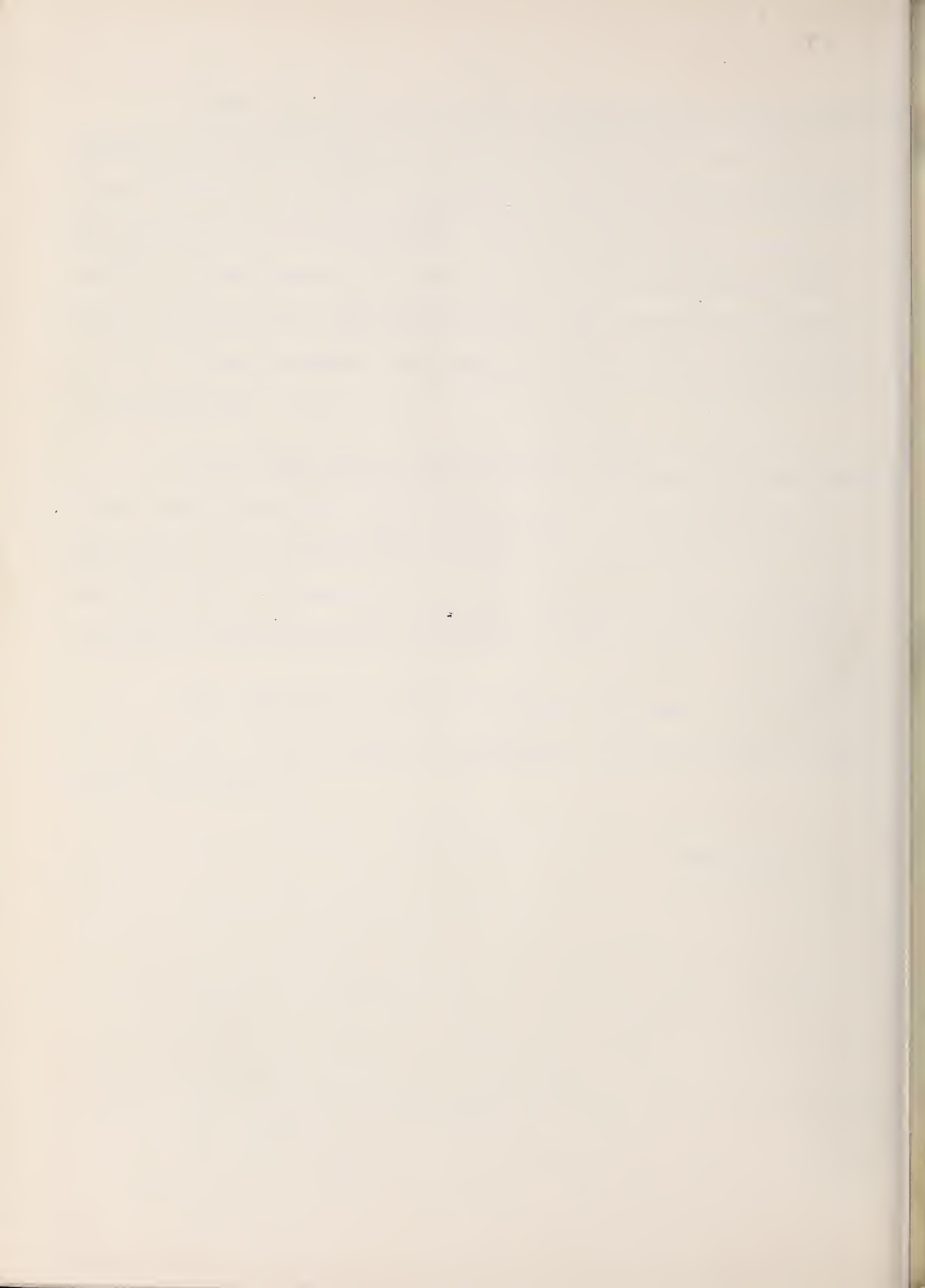
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"Within the next week, we will be meeting with the top agricultural experts of the Common Market. We need to assure them that the United States is acting responsibly to uphold its international commitments, and will continue to do so in the future. The fact that we have enacted legislation which has reduced grain stocks by 1.3 billion bushels, and support programs which, with farmer approval, will continue to maintain a balance between production and demand, is strong evidence that we mean to keep our word.

"If the wheat farmer wants to maintain and expand his world markets, he must keep in mind that the world is watching to see if he will act responsibly. Other countries will be much more inclined to bargain reasonably with us if American farmers act responsibly in managing their own enormous productivity to the advantage of America and the whole world.

"Thus, even in our efforts to maintain and expand world sales of U.S. wheat, the referendum May 21 is decidedly a dollars and cents issue for the wheat farmer."





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Apr. 3, 1963

UNITED STATES DEPARTMENT OF AGRICULTURE



Washington, April 3, 1963

Statement by Secretary of Agriculture Orville L. Freeman on Release of Special Report on the Cattle Situation April 3:

Today we are issuing a special report on the livestock situation and outlook, with special reference to beef cattle.

There has been unusual interest and concern over recent developments in the fed cattle market. In the last 9 months or so, we have witnessed first a substantial increase in prices of fed cattle and then a sharp decline. Prices of Choice slaughter steers at Chicago rose from \$25.25 per hundred pounds in June 1962 to a high of \$30.47 in late November. By mid-March, prices were slightly below \$23 and have firmed up some since then. The sharp run up and down since last summer has raised questions as to the reasons for the recent developments and what might be expected in the future. Consequently, this report has been prepared. It has been reviewed and approved by the Outlook and Situation Board of the Department for technical accuracy.

Briefly, as the report explains in some detail, the dramatic price changes for fed cattle were a direct reflection of substantial changes in the fed steer beef supply situation. Between June and November, the volume of steer beef produced was reduced some 22 percent as feeders built up their inventory of cattle on feed. From November to February, the volume of beef produced rose about 25 percent. The price changes we have had are not out of line with the magnitude of such a large shift in supplies. Further, prices of lower grade cattle, which have not been subjected to such large changes in supply, have shown much smaller price movements than fed cattle. In addition, on the supply side, slaughter of hogs and of broilers have shown substantial increases in recent months over a year earlier, thus adding to the downward pressure on prices.

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Such sharp changes in supply of fed cattle are not exceptional. They have occurred periodically in the past at about this stage of the cattle cycle. In 1948-49, 1952-53, 1955-56, and even 1960-61, for example, erratic shifts in supplies brought sharp price changes and narrow profits or actual losses in feeding.

Yet in spite of the recent price break and the continued cyclical fluctuations in cattle, the fact is that there has been less instability in the cattle business in recent years than previously. The present cycle is less extreme in its swings than the previous ones. Nor will prices be cut so severely in this cycle as in the early 1950's. Part of this is due to better economic information services, part to the cattle industry itself for better self-management, and part to feed grain policies that have afforded more stable supplies and prices of feed than ever were available before.

Although stressing fluctuations in supplies, the report notes several other factors which have contributed to the winter price decline. For example, it noted that prices of beef at retail have shown their usual tendency to lag behind live animal prices. This happened on the upswing last fall and again on the decline this winter. We are aware that retail prices did not respond as quickly as live cattle prices at their early winter downturn. We have called attention to this and have urged faster downward price adjustments. Retail prices were reduced during February and early March. It is possible that they are now more nearly in line with live animal prices. If so, this is good news for both consumers and producers and improves the outlook for this spring.

The report finds no weakening in the demand for beef. In fact, with retail prices of quality beef now adjusting downward, we expect consumers will take advantage of the excellent buy in beef and will consume a record amount this year.

Imports of beef have sometimes been cited as a cause of the price break for fed steers and heifers. The report finds no evidence that this is true. It names two reasons. One is that although total beef imports for 1962 were at record levels, almost all was of manufacturing beef together with some canned beef. Very little high grade fed beef was imported. Yet the price decline was confined to fed cattle. Prices of cow beef and of slaughter cows, with which beef imports compete, have been little affected.

Secondly, insofar as imported beef affected the up-and down-swing in fed cattle prices at all, it probably softened or counteracted the changes rather than exaggerated them. Monthly imports were largest when fed steer prices were rising last fall. They decreased when prices declined later.

The Department of Agriculture has been called on to take steps to restrict imports of beef. Aside from the fact that evidence does not point to imports as causing the price decline, the Secretary of Agriculture has no authority to limit imports for economic reasons. His authority over imports of meat and live animals is confined to inspection, sanitation and other requirements to prevent the dissemination of livestock diseases, and to insure that imported meat is fit for human consumption.

The supply of Choice beef will continue fairly heavy until summer. Although slaughter has increased sharply, substantially more cattle on feed will go to market in the next 3-5 months than a year ago. Under this supply situation there is little likelihood for significant improvement in prices in the next several months. Cattle feeders face the difficult task of moving the immediate heavy supply into consumption at a pace which will not distress markets further. This can be done if they do not hold cattle on feed beyond the time when they reach grade. True, a withholding action could improve prices temporarily but quite likely it would bunch marketings at a later date.

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It would add to weights and involve increased costs and lower quality of animal, and it would depress prices and incomes of cattle feeders at a time when they might reasonably expect improvement.

These unsatisfactory developments for the cattle feeder raise a warning for the hog producer. Hog prices also dropped sharply in the first quarter of 1963, again due to an increasing supply situation. Latest reports indicate that hog slaughter during the April-June quarter will not be substantially above a year earlier and recent prices for slaughter barrows and gilts could well prove to be their low for the year, or very near it. However, hog producers have reported intentions to increase farrowings during the March-May period by 4 percent over a year earlier and during June-August by 1 percent. If this materializes, prices next winter will be as low as this past winter. It seems clear that if hog producers want some improvement in prices next year, they will need to reduce this year's fall pig crop at least 2 to 3 percent.

The Department is giving maximum assistance in this difficult period. We have stepped up Department programs to bring clearly to the attention of the consumer his real opportunity to enjoy more beef than ever before at reasonable prices. I have sent letters to all food retailer trade associations to urge retailers to reflect the reduction of live animal prices to consumers and to continue strong merchandising efforts for beef and pork, in an effort to expand consumption in line with larger meat supplies.

The Plentiful Foods guide for food distributors, consumers, and institutional groups featured pork in their April issue, and will feature beef in May. The Plentiful Foods guide is designed to bring to the attention of consumers and food distributors those food items which are, or are expected to be, in plentiful supply during each month. In addition, the guide provides

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merchandising suggestions for retailers, with ideas for tie-in promotions.

Guides for consumers and institutional feeders contain menu suggestions featuring plentiful food items, and recipes for preparation of nutritional and economical meals.

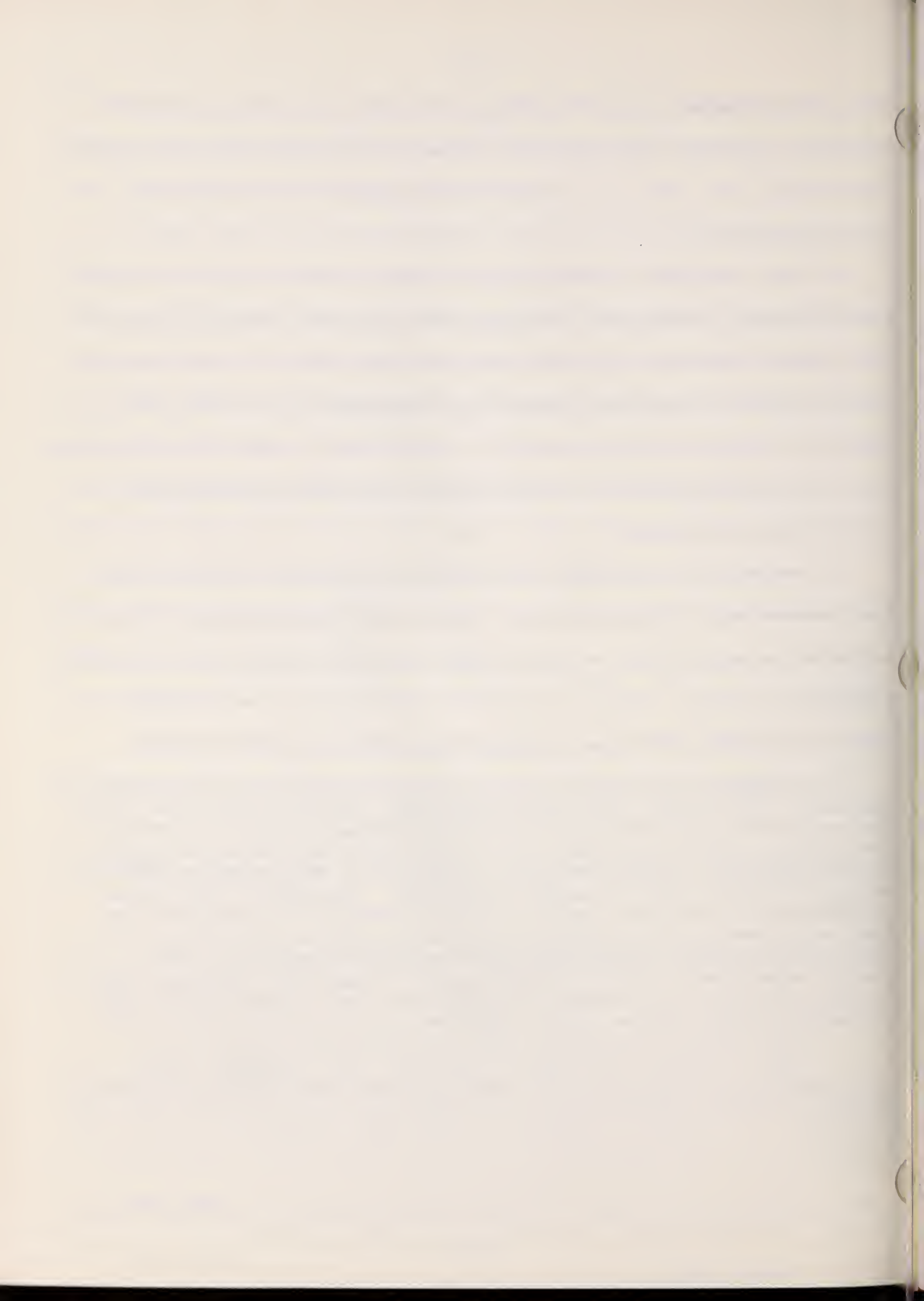
Also, because we are moving into a situation where total meat supplies are increasing, the Department is giving more assistance through purchases of meat products under the Section 32 program for distribution to needy families. Specifications for canned meat products purchased under this program were modified in March to enable processors to include beef as one of the ingredients. This has enabled processors to utilize beef or other meats depending upon local prices and supplies.

Purchases of canned meat products under the Section 32 program have been substantially increased above the January 1963 purchase levels. Quantities purchased during the last two weeks of March are more than twice the quantities purchased in January. Canned meat products distributed to needy families improve their diets, and have a strengthening effect on livestock prices.

In summary, just as the rise in cattle prices last fall was confined to fed cattle and resulted from reduced marketings, the decline this past winter centered on fed classes and reflected a sharp increase in their marketings. Other factors, such as the usual lag in retail price adjustments and changes in the supplies of hogs and broilers, contributed to the upswing and downswing in price but were of secondary importance. The supply of fed cattle remains large, as does the supply of hogs and broilers. A hopeful sign is that retail beef prices are moving into line with live cattle prices. If this remains true and if aggressive merchandising is carried on -- and feeders market their cattle in orderly manner as they reach marketing weight -- we can look forward to successful movement of the beef and pork supply into consumption without further serious adjustments in the prices of fed cattle.

NOTE: A copy of the report, "The Current and Prospective Cattle Situation", may be obtained from the Office of Management Services, Information Division, Room 1467 South Building, U.S. Department of Agriculture, Washington, 25, D. C.

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U. S. Department of Agriculture
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It is a pleasure to be here, and to see the scope and magnitude of some of the activities now underway in the Tennessee Valley.

I was impressed by what I saw this morning at Muscle Shoals, and I look forward to the inspection trip ahead--the visit to your farming areas, the tour of TVA's Beech River Tributary Area Development project at Lexington, and many others.

This tour, as you know, is to see what TVA and the Department of Agriculture are doing to create jobs, promote a growing economy, improve the patterns of resource use within the Valley...and to pinpoint ways that can be developed to do an even better job in the future.

Both TVA within the valley and the Department throughout rural America seek one basic goal, and that is the economic advancement of the American people. It is a simple idea, but an elusive prize. TVA has shown what can be done through concentrated use of resources. And we have in the Department embarked upon what I would like to call the peaceful revolution of rural America to stimulate locally initiated and locally managed programs for economic development. We call it Rural Areas Development.

It is not very complicated. It is working now to build new economic strength in rural America. It is creating new job opportunities for rural young people. It contains the hope that in the not too distant future the decision between staying in the local community and going to

Remarks by Secretary of Agriculture Orville L. Freeman before the Decatur Combined Civic Clubs and Farmers, Decatur, Alabama, April 10, 1963, 12:15 p.m. (CST).

the city will be a real choice and not one based on the lack of opportunities. RAD currently is finding new and profitable uses for cropland other than producing food and fiber we cannot effectively use. It is aiding the farmer to adjust to the scientific and technological revolution sweeping through agriculture today.

RAD is, in fact, a vital part of the national effort to move the economy ahead. Through this effort, we seek to stimulate the rural economy... to develop resources in rural America...to meet the changing needs of urban and rural people, of the farmer and the non-farmer, by moving resources into rural areas.

Our approach contrasts sharply with the proposals we often hear to end rural poverty and solve the problems of over-abundance by moving people from rural America to the cities.

These proposals are fatally wrong -- for three basic reasons. The first is that moving people can never solve the over-production problem because the land remains and likely becomes even more productive. Second, the large scale movement from farming of entire families, with able bodied heads, is largely finished. Over 70 percent of farmers with inadequate incomes are people 45 and older who are not prepared to compete for urban jobs and, further, have little desire to leave. Third, at the same time that science and technology have changed agriculture, these forces also have had decisive impact on urban areas in the form of automation and deep seated technological unemployment. Until this urban problem is solved through more rapid economic growth, the migration of people to the city can

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only complicate an already difficult situation. This is one reason the proposals advanced by President Kennedy to make basic reforms and reductions in our tax structure are essential to both rural and urban areas.

What it comes down to really is that rural America will have to solve its own problems in ways that enrich the lives of both urban and rural families. The quiet towns and the gentle people of rural America will have to lead this peaceful revolution for, unless they do, no one else will.... because there is no one else.

Rural America has always risen to a challenge....in fact, our rise to leadership of the free world nations has its roots in the farms and communities in rural areas.

Throughout our history, rural America has provided the raw materials and the capital to build our cities....to finance our westward expansion, and to develop our industries. In revolutionary days, cotton, tobacco and rice exports brought us the foreign exchange to buy the tools, printing presses, rifles, plows and other materials with which we began our history as a nation.

We borrowed money from the advanced European nations to help develop our industries and to begin throwing the rails across the continent which linked us together as a nation. And we used farm exports to pay off those loans.

For almost a century -- until the Civil War -- cotton, tobacco and rice represented most of our total exports. Historically, the South has had

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the major segment of this trade. Until the early part of the 20th century, it was largely agricultural trade that gave us a favorable trade balance.... that kept dollars from other nations flowing in faster than American dollars went out, thus fueling the industrial expansion which began in the last half of the 19th century. And even today agriculture accounts for about a fourth of our foreign trade.

And even as rural America provided the capital and material resources to build our industrial might, it also provided the manpower to make it possible. As agriculture became progressively more productive, the land released the people needed to run the factories, invent the new machines, develop the products and perform the countless services that combine to give us our high standard of living today. No other nation can point out with pride that each of its farmers can feed and clothe 27 persons, but the American farmer has made this accomplishment a reality for us.

But now the time has come to balance the scales. We are faced with the clear need of moving resources back into rural America....of re-capitalizing the rural economy, if you like. Unless we do, we can expect the young people--those who make the future -- to continue the frustrating cycle of the 1950's when they accounted for 70 percent of the migration to the city. We can already count those who will be most likely to leave, for we know that for every 100 jobs vacated in rural areas during this decade there will be 177 young men ready to fill them.

How then do we propose to assist those who must lead the quiet revolution in rural America? Let me describe what we are doing now through Rural Areas Development to "re-capitalize" the rural economy.

There are five major avenues we propose to follow:

One is rural renewal projects which represent the most promising weapon in areas where poverty is greatest. Certain areas of the country, including parts of the Appalachians and the northern part of my own State of Minnesota, are faced with a lack of resources, of inadequate facilities and with an aging and largely unskilled population.

These projects will be similar in purpose to the urban renewal projects which are clearing the slums and rebuilding the center city in many of our metropolitan areas. Tax bases are being expanded while slums are being eliminated.

We are currently planning to begin this program with four to six pilot projects covering a large enough area to make an economically viable unit. Such a project would be locally initiated and carried out with technical and financial assistance of the Department. In discussions already going forward, possible activities contemplated range from purchase of land for development and re-sale to construction of water and sanitation facilities, reforestation and development of both public and private recreation facilities.

This will be exciting and dramatic work.

The Department has requested a \$2,350,000 appropriation to initiate this program on a pilot basis. We are going ahead, developing plans so that we will be ready to start work, as soon as funds are available.

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Resource Conservation and Development projects are a second major avenue of the Rural Areas Development program. This approach would be used where the people and the necessary soil and water resources are present, but where their development is not fully realized.

The Department would help the local people survey their resources, then provide financial and technical assistance in developing these resources, and in making any needed land-use adjustments.

For example, a sportsman's club in a nearby city might wish to acquire facilities for fishing, hunting and other outdoor pursuits. Its members could join with the members of a local soil and water conservation district to develop land and water resources within the district primarily for outdoor recreation. Farmers for their part would tap a new and lucrative source of income -- recreation. The provisions of this program also will encourage local leaders to develop minerals present in the area, which can lead to new industry -- and to new jobs and buying power.

As with rural renewal projects, we are working presently with local people to develop conservation and development projects so that we will be ready to go when money is made available by Congress.

One of the greatest unmet needs in the Nation is new outdoor recreational areas, and this provides a third avenue for RAD. While the Department is continually expanding and improving the facilities of the National Forests to provide more recreation outlets, the demand cannot be met wholly on public lands. Rather, it will require the use of privately-owned lands within easy driving distance from our urban areas.

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The Department stands ready to help individual farmers or groups of rural residents develop outdoor recreation projects, fish farming or other activities that create new uses for cropland.

The Department recently made its first recreation loan in Alabama to a 36-year-old farmer who has switched from broiler production to the raising of quail for controlled hunting and commercial sale. The \$8,500 loan included \$6,000 to improve his plant. The remainder of the money went to convert broiler houses to quail production and for the construction of six flight pens to keep his birds in hunting trim. This young man and his wife furnish lodging, guides and dogs to hunters, charging them a use fee.

Cropland conversion programs, a fourth avenue to re-capitalization, are designed to develop new and economic uses for land now producing crops we cannot effectively use.

Through a long-range land use adjustment contract, we can help farmers switch land use patterns to recreation, grazing, timber or some other alternative use. Transitional payments would be made to maintain the earning power of the farmer while the new land use is being installed and developed.

The fifth major tool is the small watershed program.

This program is a miniature rural area development program in itself. Throughout the country, these projects have stopped floods, improved farm and ranch land, and impounded water for recreation, for wildlife, for irrigation and for municipal and industrial use. In the eight years this program has been in existence, local organizations have submitted applications for assistance on more than 1,850 watersheds.

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The Food and Agricultural Act of 1962 expanded the purpose of the watershed program to include recreation and future industrial and municipal water supply, thereby significantly broadening the scope of the program. At the same time, through executive order, the President liberalized the economic justification standards.

To date, 13 watershed projects have been approved in Alabama, seven of them since 1960. The seven most recently approved will cost a total of \$15.3 million, of which the Federal government will pay nearly \$10 million.

I hope the local sponsors of the watershed projects here in Alabama will investigate these new programs, and consider the possibility of including in them some of these new purposes. The wider the range of resource use, the greater the economic benefits to the area.

Rural Areas Development makes use of all activities of the Department, and it is geared as well to the programs of other Government agencies.

The Commerce Department's Area Redevelopment Administration often provides financing which is beyond the scope of the Department. ARA loans and grants can, and have, touched off complete rural development projects.

In Johnson County, Tennessee, local groups working with ARA and the Department of Agriculture have combined forces to create new jobs and improve agriculture in the county. A local bond issue and an ARA loan and grant provided the capital to develop an industrial park. A garment factory now occupies one of the buildings. It provides jobs for 204 men and women, and plans are to increase the employment by 100.

The Department of Agriculture has, in the past two years, provided the people of Johnson County some \$200,000 in loans and in conservation cost-sharing payments.

The Labor Department, through its Manpower Development and Training Act, provides training that has helped people in rural areas to find jobs in industry,

Within our own Department, there is the program of rural housing. In 1961, the construction of 28 homes financed by USDA loans created more than \$280,000 of increased buying power in Marshall County, Alabama. This construction activity resulted in more than 37,000 man-hours of employment, and nearly \$200,000 was spent for building materials and equipment -- half of which was purchased in the County.

The first senior citizens housing loan in the Nation was made in October of 1962 to Mr. and Mrs. C. M. Montgomery, both 64, of Attalla, Alabama. Since then, 12 other loans have been made in Alabama for a total of \$80,440.

The Department of Agriculture gives top priority to the expansion of the Rural Areas Development program. We seek to cooperate with local leaders and to carefully coordinate with all Government agencies to get results as quickly and efficiently as humanly possible.

The pattern of coordination within the Federal Government was set recently when Interior Secretary Stewart Udall and I recently settled long-standing differences between Interior and Agriculture over certain

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conservation activities. We intend to follow the same techniques to develop new lines of communication with other Government agencies. There is so much to do we can't afford to do less than make the best possible use of all our resources.

Here in the Tennessee Valley we hope to cooperate even more closely with local people, with State and local government and with TVA to develop soil and water resources, and to stimulate new economic growth. We believe such activity fits within the framework of TVA's overall plan for development of this area.

I wish I could single out a specific year and say "On that date we will have so expanded economic opportunities in our rural areas that our rural and urban economies will be on an equal footing." Unfortunately, it just doesn't work that way. RAD is no overnight program. Its success depends on you, and thousands of people like you, if constructive programs are to be developed and carried out.

However, the Department of Agriculture will continue to bend every effort to work with you to bring about optimum use of resources to meet the true needs of all Americans...to develop the recreational areas, to create job opportunities, to balance farming with industry, and to provide the services that will make rural life and urban living more prosperous and enjoyable.

I ask your help to make the most of the opportunity to push the peaceful revolution in Rural America to success.

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Statement
of
The Secretary of Agriculture, Orville L. Freeman
before the
House Committee on Agriculture

April 26, 1963

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Mr. Chairman, Members of the Committee:

I am grateful for this opportunity to appear before this committee. My purpose in being here is to ask your help in carrying out the responsibility which you and the Congress have placed upon the Department of Agriculture. The legislation on which I am testifying -- H.R. 3850 -- proposes an additional top policy position in the Department. We need an additional top policy position in the Department. We need an additional Assistant Secretary. Behind the request is a story of a Department doing a job which has grown substantially in the past decade -- a job which grows in response to a growing population with more people who need food to eat and clothing to wear, a place in which to relax, timber and material to build shelter, highly productive soil resources, and water to drink, to run factories, and for play and relaxation.

Since 1953, the demands made upon the policy staff in the Department of Agriculture have increased enormously. In the past 10 years, the Congress has authorized a Food for Peace program...a Small Watershed program...a Rural Areas Development program...a series of programs to reduce the critical surplus of grain. It has extended consumer programs to insure quality and purity of meats to poultry. It has greatly expanded research activities in the production, processing, distribution and marketing of the products of the soil. It has recognized that forests produce more than timber, and has requested fuller use of the resources of our National Forests.

As the nation has changed, and as new needs develop, the Congress has responded to the people. The programs which have come into being in the past 10 years reflect the needs of the farmer and non-farmer alike.

The Department has accepted these responsibilities willingly, and has carried out its task with diligence. However, it has been, and remains today, one of the toughest administrative jobs in the Government. Its operations are carried out in over 10,000 locations in more than 3,000 counties and in every major metropolitan center in the 50 States...and in 55 nations around the world.

The responsibilities of the Under Secretary and the Assistant Secretaries have expanded greatly and go far beyond an administrative and supervisory role. If the Government is to achieve maximum utility in providing public services, it will require close and frequent contact with the members of the Congress by the Department's top policymakers. I myself try to always be available for discussions with those who carry out legislative responsibilities -- and who are properly concerned as to how congressional policy is being executed. This responsibility of the Department's policy staff extends to the other agencies of the Government as well. Where the functions of any of the several Departments and agencies coincide, progress can be maintained best by open and direct discussions to prevent misunderstandings which can grow into disagreements and to prevent duplication on the one hand and failure to act on the other. Too often, the mission assigned by the Congress is delayed because of no more than a

lack of communication in the executive branch. It requires competent top policy staff to maintain effective coordination among the several Departments. And frequently only top policy people can adequately interpret programs to the many groups and organizations which represent individuals and firms with a direct interest in farm policies, programs and decisions. Much time, therefore, is taken by conferences, public appearances and meeting with delegations to keep people informed of the attitudes and actions of the Department. All of this has meant that the time of the Secretary, Under Secretary and Assistant Secretaries -- even at a 16-to-18 hour, six day a week rate -- simply won't stretch to do all that needs to be done.

Further, in addition to these important responsibilities, the Department's policy staff must insure that the programs assigned by the Congress are being carried out effectively and efficiently. As an administrator myself, first as Governor of Minnesota and now as Secretary of Agriculture, I have kept in mind for years an admonition by a distinguished member of this Congress which reads as follows:

"Every legislator grows weary with the awareness of great concepts which grow meager in execution, of noble ideas corrupted in administration."

In the last two years we have been carrying on an intensive program of management improvement to upgrade our administrative effectiveness so this won't happen in the Department of Agriculture. It is designed principally to reduce unit costs at a time when the volume of services has increased sharply...as we would expect in a nation which grows by some 2.7 million persons a year.

I would like to review with you briefly what has been done...first in terms of the new procedures which are geared to a constant, on-going process of internal examination, review and improvement...and second, to set down some specific examples of actions taken by the various agencies within the Department.

We make no claims of perfection, or any generalized professions of excellence. But I am proud to report on the tremendous, dedicated effort which Department employees are putting into this program and on the progress that has been made. It has laid the foundation for modern administrative programs as measured both by techniques and procedures and by employee morale.

Let me begin by describing some of the self-improvement procedures and the internal review machinery that has been developed as part of the Department-wide effort. We began early, in my first year as Secretary, a massive internal review of administrative procedures through a series of Self-Survey task forces. USDA employees manned these task forces and from them have come hundreds of administrative improvements and recommendations. Some 548 specific projects have been suggested by these employee task forces to improve administrative efficiency in the Department.

In 1961, I established the Office of Management Appraisal and Systems Development to conduct surveys of management techniques practiced by Department agencies and to plan conversion of many of the routine paper consuming activities to automatic data processing.

One of the first tasks undertaken by this new management group was a study of how electronic computers -- with the ability to make 100,000 mathematical computations a second -- could be adapted to streamlining the Department's administrative and management procedures. This study became the MODE project which found that by using electronic computers to assimilate vast quantities of data we could provide rapid up-to-date information necessary for management decisions...even with a widely dispersed system of operation.

One of the first results of this project is the complete automation of the Department's payroll. We expect this to be in effect by this Fall. This action also will include the personnel and accounting operations related to payroll. We estimate that the annual savings from this conversion to modern administrative techniques will amount to \$1.3 million a year -- the 1964 budget already reflects this saving -- and will allow us to handle in one place the personnel work previously done in 130 offices and the payroll done in 87 offices.

Eventually the use of computers within the administrative area will help us measure how effectively expenditures and manpower are being used, the degree of progress -- or lack of it -- in programs assigned to us by the Congress, and provide greater opportunities for the exceptionally qualified person to advance to more challenging jobs within the Department.

We also have been very concerned with the need to break down the barriers of understanding which are barnacles on any bureaucratic structure, either public or private. Within the Department, top rank civil servants with administrative and management responsibilities in an agency often do not have personal contact with their counterparts in other agencies. They may know their name, but they are unfamiliar with their counterpart's administrative or management problems. In addition, many of these people are scientists or technical experts first, and have subsequently learned by experience the rules and practices of how to manage an agency. In many cases, this experience is limited to their particular field, although the problems of administration and management are universal. As a pilot project, we have established a series of Executive Seminars which expose these administrators to the national, local and international currents which affect the operation of the Department...and which give them an opportunity to discuss management problems within their respective agencies.

As an outgrowth of the recommendations of the employee Self-Survey task force recommendations, we began in 1961 to consolidate agency field offices at the State and county levels. The purpose here is to provide a "one-stop" service for persons doing business with several Department agencies as well as a centralized management service for such things as space needs, office supplies, personnel and other common housekeeping functions. Currently, offices in 26 States have been or are being consolidated under one roof, and offices in 1,273 counties -- over 40 percent of those where USDA agencies operate -- are in the same process.

Most recently, in respect to our Department-wide improvements, we have established an Office of Inspector General responsible to the Secretary. All internal audit and investigation duties have been transferred to this office to provide departmentwide flexibility and use of manpower. The consolidation of these functions also eliminates the need for cumbersome liaison arrangements essential when these functions were located in individual agencies.

These and other examples of broad administrative improvements, including the pioneering effort through the MODE project, are treated in greater detail in the attached report on "Progress in Management Improvement".

Let me turn now for a moment to some of the specific examples within the agencies where management reforms and advances have been and are being made.

Perhaps the most significant improvement has been made within the Agricultural Stabilization and Conservation Service where a complete reorganization is nearly completed. It involves not only a realignment of functions within the Washington office but also a consolidation of commodity offices in the field.

In the reorganization we have sought to create a direct line of operating authority from the field to the Secretary's office. That line runs from the county ASC office to the Secretary through the ASCS administrator and

the Assistant Secretary for Stabilization and Marketing. What was once confusion between staff and line responsibility is now clear. The number of operating divisions in ASCS has been reduced from five to three and the number of functioning units from 34 to 22. These changes have been completed.

While these changes were occurring here, there was even greater activity within the regional commodity offices. We established in November 1962 a Data Processing Center in Kansas City where we will store in one computer all accounting data for grain under loan or in government inventory. It is being put to profitable use for the taxpayer. It has greatly improved our ability to rapidly move or sell large amounts of grain because we can maintain daily tallies of the more than one million grain producer accounts under USDA management together with records of 750,000 grain warehouse receipts.

With the application of computer technology to the record keeping needs of grain under loan or in Federal inventory, we have been able to consolidate the functions of the regional commodity offices at four locations rather than the seven required just two years ago. The closing of the three offices has not interrupted the high performance standard of our regional offices, and it has enabled us to revise downward by \$2.2 million the CCC budget request for operating funds in 1964.

Another project here in Washington which we recently completed is the centralization of the management support services for 17 of the Department's smaller offices and agencies under a single Office of Management Services. This has worked so successfully that we are in the process of applying the same principle to other agencies which maintain separate management service operations for individual divisions.

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We also are in the process of modernizing our mailing operations to handle much of the detailed record-keeping through automatic data processing. We now maintain 600,000 file cards of individuals and organizations requesting one or more of the Department's regular publications. It now requires over a month to change an address. This time will be cut to less than a week under the new system.

Automatic data processing also has been successfully applied to forest management operations and to forest research at a savings of over \$1 million a year. We are now able to store voluminous quantities of forest survey data covering 186 million acres of National Forests to maintain current information on timber that can be cut.

In the Soil Conservation Service, we have applied ADP to maintain up-to-date information on the extent to which local soil conservationist work plans have been completed. This allows greater flexibility in the use of manpower, and provides annual savings of \$500,000 in administrative costs.

These are only some of the major reforms and reorganizations and improvements the Department has made in the past two years to increase its effectiveness in serving the public and carrying out the duties which the Congress has assigned. There are many others which, though minor, are important. They add up to a steady and strong current of improved efficiency and economy.

It would be a mistake, however, to assume that these actions will necessarily mean fewer employees or lower budgets as a whole. Regardless of how high a level of efficiency is attained, more people will be necessary if the volume

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of services rendered increases. And, of course, the services we perform today are related -- as they always have been -- to the growing number of people living in the United States and to the nature and extent of the programs Congress gives the executive branch to perform.

Last year a proposal was made on the floor of the House that Congress limit the number of employees of the Department to the number of farmers. It highlighted the frustration of many Congressmen at the inability to keep the Federal agencies in general and the Department of Agriculture in particular from growing in total numbers of employees.

Many people chuckled about the proposal, but it would have been useful if the witty Congressman had asked and answered this question: Why does government at all levels -- Federal, State and local -- whether under Republican or Democratic administrations -- grow each year in total numbers?

With that question in mind let's take a look at the Department of Agriculture.

In the past decade, Department employment has increased by 32,473 man years, but only 6 percent of that has come in ASCS, the agency which deals most directly with farmers...and that increase was due primarily to the staggering increase in the volume of commodities under CCC management. As we continue to administer the programs enacted by the Congress to reduce surpluses, we can anticipate a continued gradual reduction in manpower needs in this area.

Most of the remaining 94 percent of the increase has come in areas and programs where services benefit all Americans as consumers of food and fiber and as users of soil and water resources. These are services requested by the people and voted by the Congress.

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In the last two years, employment in the Packers and Stockyards program, which protects producer and consumer alike, increased by about 34 persons, while at the same time the number of market dealers and agencies registered under the P&S Act increased by 5,700...and the number of packers supervised increased by 700.

In poultry inspection services, the number of employees increased by 20 percent while the volume of poultry products increased by 38 percent.

By early 1963, the number of persons receiving food through the direct distribution program had more than doubled from two years earlier, but the increased workload is being handled with a 40 percent increase in employment.

In the past 10 years, the number of recreational visits to the National Forests has increased by more than 218 percent. In 1962, total visits exceeded 113 million. This is only one of the increased pressures on the resources of our National Forests. Each activity -- whether it provides better recreation opportunities, more timber to supply the mills, or better rangeland or improved protection of water and timber resources -- can be performed but it requires people to do the job. Forest roads and trails, picnic and camp grounds and fire fighting can't be accomplished without bodies to do the work.

In two years, the number of small watershed programs authorized for construction has more than doubled and those authorized for planning have increased about 70 percent. In areas where such projects are being completed, new industries are developing, recreation opportunities are expanding and water supplies are becoming stabilized. During the same period, total paid USDA employment in Soil Conservation Service has increased less than 3 percent.

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Since 1960, the Farmers Home Administration has expanded its volume of dollars loaned by more than 160 percent, and is now providing housing credit services to the aged and to nonfarm rural residents where adequate private capital is not available. Rural community water systems are also being financed by the agency. FHA has shouldered the increased workload with a 4 percent increase in manpower, and last year actually did the equivalent work of 260 extra employees through overtime without compensation.

In the past 10 years the Congress has authorized 64 new research facilities under USDA supervision which require a combined staff of over 1,750 persons. The need for this is obvious since we live in an age where progress is determined by the level of scientific and technological achievement. And in agriculture and its related areas, as in few other industries, the basic and applied research which leads to improved efficiency on the farm and more effective distribution of our food abundance has been and is to a large extent dependent on research performed by the Department of Agriculture.

Agriculture exists today on a nervous balance between too much which could very quickly become not quite enough. Research helps to assure that we can avoid the human disaster of the latter, and intelligent legislation can help avoid the shattering economic consequences of the former.

But the role of research extends far beyond this. Only recently we successfully completed a test project -- a research project -- to determine if fresh fruits and vegetables could be shipped from this country to Europe with special constant temperature containers. Thus research helps open new markets abroad for our farm products. Not too long ago, USDA scientists perfected an apple juice concentrate. As a result, a new plant is being planned in a rural

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area near Yakima, Washington. Research provides new products which serve the consumer, create new markets for farmers and provide jobs in the rural community.

Research also is required to help us live more safely with the products of the research lab. In the past 15 years, the growth in the use of pesticides has been enormous -- not only in commercial agriculture but at the consumer level as well. We need to know more about the ultimate effects of these pesticides on plants and animals and humans. We also need to develop far more sophisticated pesticides and techniques of pest control. The field of biological controls is promising, as is the area of selective pesticides -- chemicals that affect only one or two pests. Here, also, more extensive research is needed.

I have stressed the importance of research for two purposes. One is because I intend, if the Congress approves, to seek out the most competent person I can find as an Assistant Secretary for Research and Education. This office would give overall supervision to the research activities carried on now primarily in the Agricultural Research Service and would also have responsibility for the Federal Extension Service. It would maintain close and continuing relations with the nation's Land Grant Colleges and Universities.

The second purpose is to emphasize the changing nature of the Department's role in a rapidly changing society. We now have three Assistant Secretaries, the same as we had in 1960, but their function has changed markedly. Two years ago there was no Assistant Secretary for Rural Development and Conservation, but two years ago we were only vaguely aware that the farm problem is as essentially a rural community problem as it is a commodity problem. Two years ago we did not have an Assistant Secretary for International Affairs, but two years ago few people understood the basic importance of agriculture to international trade and to our responsibilities in the free world toward the developing nations. Our exports

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of farm products are increasing. The Department is cooperating today more fully than ever before with the State Department in planning and policy formation on farm policy in relation to the European Common Market. We are involved in a greatly expanded and more aggressive trade development program to expand overseas markets for U.S. farm products. And we are maintaining close liaison and are cooperating actively in foreign aid programs designed to assist the developing countries -- agrarian nations which we must help to grow as free nations.

The three Assistant Secretaries and the Under Secretary, together with an Assistant Secretary for Administration and my close staff associates, are the key policy officials who serve with me in the Department. They are doing an extraordinary job, but it is increasingly clear that their talents are being spread too thinly. As their capacity is overtaxed, it leads to the kind of situation where my own ability to carry out my responsibilities to the Congress and to the people can be progressively weakened.

The supervision and direction of the very substantial research activities within the Department and those carried out in cooperation with the State Experiment Stations and the Extension service as it now stands must be handled either by the Under Secretary or myself, and presently we are not able to give adequate time to an area which is of vital importance to farmers and non-farmers alike.

The relationship between the Department and the Land Grant colleges and universities has always been and must remain close and harmonious, and this need can only be filled with a top policymaker with direct access to the Secretary and the other staff people who help determine Department policy.

I believe that the enactment of H.R. 3850 will fill a gap which now exists in the top offices of the Department, and I urge this committee to give it full support.





U.S. Department of Agriculture
Office of the Secretary

MAY 9 - 1963

TODAY'S CHALLENGE TO COOPERATIVES

C & R-ASF

29, 1963

I welcome this conference on Cooperatives and the Future most sincerely and enthusiastically, not only because I know and have worked with many of you and because we share many of the same goals, but more particularly because I have such high hopes for the kind of progress that can result from your deliberations.

These hopes are based on three things.

First, there is the wide scope and broad interest represented here, by leaders of voluntary organizations of people joined together in an effort to help themselves.

Second, there is great promise in the kind of partnership with government that this Conference represents.

Third, there is great hope, great challenge, and a stirring opportunity for cooperatives embodied in the theme of this Conference -- Cooperatives and the Future.

I should like to review with you the significance of each of these three factors.

I.

I am really impressed with both the geographical and functional scope of the organizations represented here. You come from 46 states and

Address by Secretary of Agriculture Orville L. Freeman before the Conference on Cooperatives and the Future, Washington, D.C., April 29, 1963, 9:00 a.m.

Puerto Rico. You belong to cooperatives that are concerned with the marketing and processing of a great variety of farm commodities, with the purchase of supplies for both farm and home, with the provision of services ranging from credit and electricity to research and education.

You represent areas that are geographically thousands of miles apart, people who live under a great variety of circumstances. You represent diverse interests. Many of you have differing opinions on both politics and economics. And yet you are meeting here together because you do have important interests in common, and because you recognize the fact of interdependence that is of such increasing importance in today's world.

You are aware of the extent to which policies and decisions in a democratic society are conditioned and influenced by conflicting pressures. And, as each one of you has sought to represent the best interests of your own members, you have had to face the realization that the strength of the pressures that influence our course of action can not always -- or even often -- be measured by the numbers of people whose interests are involved.

Often you find that wealth or position exert a greater force than numbers of people. And most of you have found that the voice of the farmer is progressively weakening -- not only because his numbers are decreasing but also because he often speaks with many different, hesitant, and diverse voices, rather than with one sharp, clear voice.

And because you know that in union there is strength, you have come here to explore those important interests that you have in common. You have come to consider what you can do together to exercise that great, underlying principle that is basic to the organization and operation of all cooperatives,

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what you can do for yourselves, through your organizations and in cooperation with other cooperatives, to build for greater strength and effectiveness.

Joint action -- a willingness, yes, an eagerness to work together toward common goals -- is always in itself a reason for hope. But it becomes even more encouraging when the cooperative effort encompasses functions as diverse as those represented here.

Most of you speak for cooperatives whose roots are strongly embedded in agriculture. But organizations of consumers, too, are represented here. I regard this as an important and promising development, because it suggests a joint approach to some of our problems that could have real merit. Rural electric cooperatives, for example, were at first concerned almost exclusively with serving farmers. But now that they have in a few short years succeeded almost completely in transporting all of our farmers out of the age of kerosene and candles and into an age of electric light and power, they face suburban encroachment into their territory. They face a dwindling number of farmer consumers of electricity. Non-farm members of REA co-ops also benefit from their cooperative membership, and, as far as that membership is concerned, have the same interest as do the farmer members. As the numbers of farmers decline, R.E.A. cannot and must not contract; rather it should expand its services to meet more and more of the needs of farm and non-farm residents alike, in the areas it serves.

Another illustration occurred to me recently when I read of the formation of what was described as a "middleman" cooperative for the handling of eggs. A poultry producers' association, that had previously been primarily

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a feed and poultry supply cooperative, owns half of the stock. Retailers, led by a consumer cooperative with seven retail grocery stores, own the other half. The farmers get an incentive for quality and consumers benefit from better eggs. There is even an element of supply management involved. I understand that this is still a very young business, but that it distributed dividends on its first three months of operation. It could be the beginning of a very important development, building a bridge across the gap between producer and consumer, and improving economic conditions for both.

I said at the beginning that my high expectations from this Conference are based in the first instance on the fact that cooperative leaders from all parts of the nation and representing many forms of cooperative enterprise, have joined forces to at least explore the areas and interests you have in common. To the extent that you work together and can speak with one voice, your influence will grow.

As Secretary of Agriculture, I have sought your judgment and listened to your voices even when you have spoken separately and individually; because I value that judgment, because I believe in the principles you support, and because I know how much you have helped the farmers of America. But please keep in mind that you can get a far better hearing in many more places when you speak in concert.

II.

My second reason for optimism about this meeting arises out of the significance of the principle of partnership with Government that this Conference represents. Permit me to outline as simply and briefly as I can what this principle means in a democracy.

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We hear a great deal, nowadays, about "doing it yourself". In a sense all human progress results from doing it yourself. But there could be little done, in today's world, if doing it yourself meant doing it alone.

Today, machines dominate in production that used to be performed by human muscle. Computers are taking over work that used to be performed by the human mind. Horsepower as a measure of energy is being replaced by the megaton.

It is obvious, then, that much of what we would do for ourselves must be done together.

In a democracy such as ours we have developed many kinds of channels through which we work together. The corporation dominates in business and industry because it represents a legal mechanism for pooling the energies and resources of many. The cooperative is one kind of corporation, similar in most features to a non-cooperative corporation but differing in the emphasis it places on democratic control and on the sharing of returns.

Another channel through which we work together is government. It is amazing how often people forget this--how often they look at government as something apart from the people -- as something that takes taxes away from them instead of a channel through which they buy for themselves the services that government provides, many of which they could get in no other way.

As long as government is both for the people and by the people it is one channel through which we do things for ourselves. But it differs from non-governmental channels in one important respect. Even though it responds to the will of the people, that will is expressed by the will of the majority, and once it has been expressed, government can execute that will by compulsory means. This in simple terms, is what is meant by "sovereignty of the state".

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When we seek to solve our problems, to meet our needs, and to do it ourselves, with regard to those matters that cannot possibly be done by individuals acting alone, we exercise a choice as to whether we shall do these things through voluntary, private means or through government. In the United States we traditionally make such choices on a pragmatic basis rather than on the basis of any "ism" or theory. As a practical people, this process has served us remarkably well.

We prefer to do thing voluntarily. I suppose that no other society has ever developed voluntary organizations, both in the service fields and in the commercial and industrial world, to the size and extent of those we have developed here in America. Wherever we can meet our needs and solve our problems voluntarily we do it that way.

Government is brought onto the scene primarily in three ways.

(1) When private institutions, particularly in the commercial field, get big and powerful enough to crush competitors ruthlessly, to monopolize a segment of business, to exploit labor or the consumer, government is asked to step in to provide and enforce fair rules of the game.

(2) When private voluntary effort cannot quite mobilize the resources to get going or to succeed in doing effectively a job that needs to be done, government is asked to help them get started, to assist them in various ways, by loans or grants or technical advice or by other means.

(3) Generally it is only when these two ways have failed to produce results regarded as socially and economically desirable by the majority of the people that government is asked to step in to do the job itself.

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This, I believe, sets forth the basis of the principle of partnership between government and people. I should like to apply it specifically, now, to problems I hope you will consider.

First, are the rules of the game adequate to meet the needs of today? Are the rules that apply to cooperatives, with regard to monopoly and to fair methods of competition -- are these rules fair and equitable and in the public interest? If changes are needed in the interest of the organizations that you represent, can you demonstrate that these changes are in the public interest as well?

Second, are there essential needs that could be met and functions that could be performed effectively in the public interest by voluntary, cooperative organizations if government provided appropriate assistance? I am sure you understand that I am not asking you to come up with appeals for special favors. But throughout our history government has been called upon to assist the growth and development of private enterprise. From the protection of infant industries in the days of Alexander Hamilton, to the guarantee of loans for housing and for small business and including those special functions of great economic value that our government gives to banking institutions, this kind of assistance has long been regarded as a proper function of government.

In fields relating to your own activities I might recall the way our whole farm credit system was started by the advance of capital by the government under terms that provided for its eventual replacement by investments of the farmers themselves through cooperative institutions -- a procedure that has worked so successfully that now the government's investment and the government's role have almost entirely disappeared. I need hardly mention to you the loans

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that made possible the rural electrification program that are now being regularly repaid. These are outstanding examples of partnership between cooperatives and government.

Another important element of partnership that is often overlooked is the investment by the government in research and education, with results and benefits available to help private, voluntary groups. Lest this field be underrated, I would point out that economists tell us that the single "input" that has contributed most to the economic growth of our Nation has been that of research and education.

Finally, we come to the question of just what things we should do for ourselves through government. This is at the core of all of the current controversy about farm commodity programs.

We have finally come to a recognition that we can produce food more abundantly than we can consume it. There is little controversy about the relationship between huge surpluses and low prices. The argument arises with regard to methods by which millions of individual farmers can effectively gear their production to amounts that the market can take at fair prices. I do not intend to go into the subject of commodity programs or the problem of adjusting supply to demand here today, but I think it is essential to make certain basic points.

This administration is committed to the goal of strengthening the family farm system, and of providing the climate in which the farmer can earn the fair income that is essential to that end. But it is not dogmatic about the methods to be used to achieve that goal. Our first preference is for self-help programs and voluntary methods wherever they will work.

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The American farmer is so strong in productive capacity and efficiency that this strength is one of our Nation's great assets. But he has been so weak in the market place that he has not benefited as he should from his abundant productivity.

Cooperatives have done much to help farmers to achieve greater strength in the market place. Market power is dependent not only on control of supply, but also on many other important factors such as quality, handling, transportation, timing, and good public relations. If farmers can do more through the cooperative movement than they have already done to strengthen their market position, then government should be a willing partner to assist them.

If further progress can be made by improving and extending the use of marketing orders and agreements, with farmers determining the kind of operation and the government cooperating and watching out for the public interest, then government should encourage that approach wherever it will do the job best.

If the technique being followed by the "middleman cooperative" I referred to earlier, where producers agree to limit their production to eggs from a specified number of hens and the cooperative guarantees an outlet for that production -- if this technique works effectively for some commodities in some areas, then that approach too should be encouraged.

I repeat that this Administration supports voluntary methods wherever they can do the job -- even with regard to programs for basic commodities. But we must face the fact that when government programs are based on voluntary action by farmers, their cost may become a very important factor. If it

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appears that programs can work effectively at a cost that is acceptable only if all farmers participate, then mandatory programs such as the new wheat program seem to be required. In that case, we follow the established democratic principle of putting such programs into effect after they have been adopted by a two-thirds majority vote of the producers involved.

If cooperatives can do more to strengthen the farmer's market position, this Administration is eager to help. If you can help us to meet the problem of adjusting farm production to amounts that can be used, we welcome that help. Real partnership works two ways.

Finally, I want to present to you the challenge of a new area of partnership between people and government in the overall development of rural areas.

Great changes are taking place in rural America. In recent years we have used so much land for the production of crops that we have oversatisfied the Nation's need for food and fiber. At the same time we know there are many needs for land and water resources that are undersatisfied. We need more land for outdoor recreation, for timber, for grazing, for wildlife habitat, for industry, for highways, for other non-crop uses. We have an undersatisfied demand for open space for green areas around cities -- open spaces to look at and breathe in, to climb on, or just walk through. The new volume, Resources in America's Future, asserts that by the year 2000 America's greatest scarcity will be land -- not land for crops, just for elbow room!

This scarce and precious commodity exists only in rural America.

Our Rural Areas Development program seeks balanced use of land. It seeks to develop new opportunities for employment in rural America. It seeks

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to help people make a living on the farm by helping to provide recreational opportunities for the increasing number of people in metropolitan areas, all of whom will have increasing hours and days of leisure as the years go by.

This kind of development is new and challenging. Within reach of every crowded metropolitan area there now exist farmlands that either have or can develop grass and trees, streams and ponds for fishing and swimming, picnic and hiking areas, golf courses, space to enjoy the beauties of nature. There are farms that could offer vacations of real value to children and even whole families from the cities. No one farmer is likely to offer all of these. But a whole community of farmers could -- together -- offer a combination of tremendous appeal. Does the cooperative method offer anything here? Can we hope to find the vision, the imagination, the leadership and the know-how that will enable rural communities to develop this potential?

Recreation is bound to expand into these areas. Perhaps it will be promoted commercially from outside the community, by someone who buys up the most promising sites from each farmer, leaving the farmer with less than he had -- but perhaps offering him a job to take tickets at the gate of the amusement park. On the other hand, it might be developed cooperatively by the whole community.

Our new programs in the Department of Agriculture offer assistance and encouragement. But in this kind of effort local leadership within the community is essential. I leave it to you to take up the challenge from here.

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III.

My third and final reason for high hopes for progress as a result of your meetings here is the promise and the challenge that is inherent in the theme: -- Cooperatives and the Future.

Permit me to try to sketch briefly and with sweeping lines a picture that I believe leads up to the greatest challenge, the greatest hope, and the greatest problem that lies ahead.

I begin with my own job -- I suppose that for the past two years my name, my job, and my problems have been coupled with "surpluses" more than with any other concept. I have been pictured in cartoons as a scarcely visible object almost completely smothered in a mountain of grain.

The more I study the problem and seek to find solutions, the more convincing it becomes that the stockpiles of grain, or of butter, or of cotton, are not in themselves the real problem. They are merely evidences of the fact that our capacity to produce in agriculture exceeds our capacity to consume. They are evidences that an age of abundance is at hand.

But this is only a part of the picture. It is suggested by some that all we need is fewer farmers. Let the most efficient ones farm, it is said. Let the others do something else. But what?

America's excess capacity to produce is not confined to agriculture. Our percentage of unemployed in the cities is pretty close to the percentage of excess productive capacity in agriculture. Industry does not flaunt its unused capacity in the form of huge stockpiles of products that cannot be sold. It merely lays off workers.

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Millions of unemployed workers cannot be stockpiled all in one place. They cannot be cartoned as easily as mountains of corn. But they, like the stockpiles of grain, are evidences of developments in both industry and agriculture that threaten to create a surplus of people.

The scientific and technological revolution that dominates this age in which we live is proceeding at a rapidly accelerating pace. Changes we see today are only a prelude to greater and more far reaching changes that lie ahead. Changes already at hand have put us in an unprecedented position with entirely new problems. They have brought about an age of abundance. In this new age many of the methods developed to meet problems in an age of scarcity no longer work; many of the rules developed then are no longer applicable.

Science and technology, mechanization in agriculture and automation in industry, have enabled us to solve the problems of scarcity with regard to material needs, and they leave us with excess manpower -- surplus human beings, if you will -- no longer needed to produce food, clothing and shelter, left tragically without any place in our economy, and without means by which they can share in the abundance that can be produced.

Having met and conquered the problems of scarcity, it doesn't make sense for the most prosperous and powerful nation in the world to admit an inability to solve problems of abundance. It is unthinkable that we should accept conditions that impose insecurity and fear upon millions of Americans in our cities and on our farms because they cannot find a constructive place in our economic life -- because they have been replaced by machines. It would be a denial of our faith in democracy -- a faith based on regard for the individual rather than for either material things or the political state -- for us to tolerate an economy characterized by a surplus of human beings.

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This age of abundance can mean a future of plenty and of progress. As machines progressively eliminate hard physical labor and monotonous drudgery, man can earn a livelihood in order to enjoy the art of living.

But, currently, this abundance falls short in two ways. It is in these two remaining areas of scarcity that we must proceed to meet the challenge of abundance.

First, the abundance we have is an abundance of things, of the physical needs of life. We still have great scarcity and great need for education and recreation and those non-material things that make life more worth while.

Secondly, the abundance that we have is not shared. We have learned how to produce abundance faster than we have learned how to distribute it. It does not reach the disadvantaged groups in our own country. It seems almost out of reach for the overwhelming majority of the people in most of the nations of the world.

Cooperatives have in this country and many other parts of the world, made a unique contribution toward the goal of sharing -- of better distribution. I am especially pleased to note the way American cooperatives are working in partnership with Government in carrying out our foreign assistance program. You have made contracts with the Agency for International Development to help the people of less developed nations toward higher levels of living and greater economic growth through cooperatives. You have encouraged your members and employees to take an active interest. You have very appropriately included this subject in your consideration of Cooperatives and the Future, and I hope that your discussions here will result in an expansion and intensification of the efforts that you have

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already initiated.

In many of the emerging nations this kind of assistance in building cooperatives may be of supreme importance. It is of particular value in furthering agricultural development, without which these nations cannot hope to satisfy their rising expectations. It may be of even greater value because of its contributions to the development of democratic institutions -- to the advance of freedom throughout the world. This goal is of such urgent importance that it commands our most serious attention and our best effort.

I would conclude by returning to the two-fold challenge that lies ahead: -- to achieve abundance in those remaining areas of scarcity that are so essential for the good life: -- and to share our potential for abundance with those millions at home and abroad whose needs are so great.

To meet this challenge we must step up our social engineering so that it may catch up with our advance in physical science and technology.

We must provide education and training for both youth and adults that will enable them to find a place in the new age, to engage in constructive and needed work, to enjoy and make the most of the increased leisure that machines make possible.

We must develop an economy that will promote a wider distribution of our abundance here at home, that will eliminate the pockets of poverty that now exist, that will offer equality of opportunity to all Americans to share in our abundance.

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We must continue to assist the people in the emerging nations of the world in their struggle for economic growth and development to the end that they, too, can share in the abundance that is becoming a birthright of all mankind.

I speak of this to a Conference on cooperatives because you have chosen for your theme "Cooperatives and the Future."

I speak of it because the greatest promise of the future is the potential for plenty that is now possible, because the greatest challenge of the future is to make that potential a reality, because any movement or institution that hopes to command a position of leadership in the years ahead must help to meet that challenge.

I speak of it because it must have a bearing on all of your own plans for growth and development if you are to fulfil the function of leadership in our society of which you are capable.

I am confident that we can -- and that we will -- meet the challenge of the future. I believe that cooperatives have an important role. I know that the kind of social engineering that is called for in the years ahead will take the highest level of cooperation and partnership between people and government. It will take courage, creative thinking, change and adjustment, and hard work.

It will be worth the effort. The potential for plenty carries with it a promise of progress and our hopes for peace.

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May 2, 1963

CALIFORNIA AND THE NATION

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It is appropriate, I think, to open an occasion of this kind by extending congratulations to the State of California for having reached the top -- for having become the most populous of all the States of the Union. Californians highly skilled in the art of public relations have long extolled the many assets of this great State: we read of its superb yet varying climate, the beauty of its land, the charm of its women, the wealth of its resources, and the golden opportunities it offers to its people. And while public relations experts of other States present competing claims, this State has proved -- as judged by results -- that the attractions of California have won over all the rest. There can be no denial that California's population is now the largest of all the 50 States. For that I do extend my congratulations.

But the people of California are to be congratulated even more for their supreme good fortune in having the kind of leadership that has planned this kind of observance to celebrate California's having reached the top. The University of California has taken up the challenge first expressed here a year ago by Chief Justice Warren, to assess the future in terms of the great responsibility of "providing for the happiness of more people than any State in the Nation."

Address by Secretary of Agriculture Orville L. Freeman at the University of California Conference on "California Agriculture - the Challenge of Growth", at Davis, California, May 2, 1963, 9 a.m. (PDT).

On each of the seven campuses of this great University you are considering a separate aspect of the Challenge of Growth. You have held one conference on "Excellence in Education," and another on "The Cultural Arts." You will have others. One on "The Impact of Sciences." Another on "the Health Sciences." One on "Natural Resources: Air, Land and Water." And another on "The Metropolitan Future." And today's conference, here at California's renowned agricultural teaching and research center, we meet to consider "Food for Man in the Future."

The subject that you have assigned to me, "California and the Nation," presents me with something of a challenge.

In the first place, the staff that prepared your program material on "The Forces of Change in California's Agriculture," which you all have before you, and which you have all been "requested to read before the event," have done the job so well that it would be presumptuous of me to repeat that discussion before this audience.

And in the second place, any consideration of "California and the Nation" in relation to agriculture brings home forcibly the fact that in many important respects agriculture in California is not typical of most American agriculture. Of course the character of agriculture does not change at State lines, and the picture of agriculture in California has much in common with that of the rest of the Nation. But California has a degree of specialization and intensification in farm production that exists in very few parts of the country. Furthermore, because of climatic conditions, it is not likely to be developed in many other places. However, it might be that California agriculture is just so far in the vanguard, so much the pace-setter, that it only seems different from agriculture in areas that have not advanced so rapidly.

With this in mind, I would like to discuss agriculture in California and the Nation in terms of two questions.

First, what do the forces of change as revealed so dramatically in California mean for the future of agriculture -- in California and the United States?

Second, how can we achieve the greatest good, the greatest happiness for the entire Nation, as a result of the revolutionary increase in productivity that is the dominant feature of American agriculture today?

First, the future of agriculture.

The single, most important change in all of American agriculture in the years just past is the phenomenal increase in productivity. Between 1920 and 1940 output per man hour in agricultural production increased at the rate of $1\frac{1}{2}$ percent a year. In the decade of the forties that rate had jumped to 5 percent. And between 1950 and 1960 the annual rate of increase was $6\frac{1}{2}$ percent. This trend will continue. And nowhere is this increased productivity demonstrated more dramatically than here in California.

You know that California heads the Nation in the value of its farm production. On the basis of total cash receipts from farm marketings, California ranked first in 1962 for the fifteenth consecutive year. Yet it does this with fewer than 100,000 farms. Only 2.7 percent of your population lives on farms, as compared with 7.7 percent for the Nation as a whole.

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The excellent overview of California agriculture that you find in your programs opens with the observation that while California is rapidly changing from a farm State to an urban, industrial State, its agriculture is at the same time growing even bigger. The significant point here is that it is obviously growing bigger in terms of product, not in terms of people.

In this respect California agriculture represents the national trend, only more so! Is the rest of the Nation going to follow? Is the 7.7 percent average for the Nation as a whole -- the proportion of people engaged in farming -- is that overall average on the way down to 2.7 percent? I shall return to the implication of this trend in discussing the second of the basic questions I raised earlier.

Let us turn now to the application of scientific and technological progress to agriculture -- the basis of this great increase in productivity. Here, too, California is in the vanguard. By 1960, 90 percent of California's cotton was being picked by machines as compared with 50 percent of the cotton in the Nation as a whole. Even though many of California's major specialty crops are particularly hard to mechanize, your scientists, technologists and farmers are mechanizing the harvesting of tomatoes, peaches, dates, grapes and many other fruits and vegetables. In this process of mechanization, there is no question but that the rest of the Nation will follow.

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California's leadership in production methods is matched by its leadership in institutional development in agriculture. Your farmer cooperatives, particularly those handling specialty crops, have progressed a long way in building the market power that is so essential if farmers are to achieve adequate incomes. You have led the Nation in using the technique of marketing orders and agreements to enhance that market power. With some 44 marketing orders and agreements in effect, in as many different commodity fields, your leadership has set a promising example for the rest of the Nation. With regard to many specialty crops you do in fact manage supply and thereby substantially increase producer income.

As a result, many of your farmers are not as vitally concerned with national farm programs to adjust supplies to amounts that can be used as are farmers in less favored parts of the Nation. Earlier this week a California agricultural leader, in Washington to attend a conference on cooperatives, casually remarked that very few California farmers receive any kind of government subsidy; and, when asked whether dairy farmers didn't benefit from government supports, replied in the negative. He should try telling that to the Bureau of the Budget! But, even though both dairy and cotton farmers do get substantial benefits, at considerable cost to the government, it is still true that California farmers are less in need of government programs than are most of the farmers throughout the Nation.

Few other parts of the country can match California in the number of farms that could be referred to -- as your program refers to them -- as a "farm products factory," and described as "a specialized type of business, rather than a way of life." Economic integration and contract farming are changing the nature of farm life in much of your State.

California is substantially ahead of the national average in terms of income per farm. According to the Census, the median income of farm families in California for 1959 was \$5,161 as compared with \$3,228 for the Nation as a whole.

Many factors contribute to the fact that agriculture is in better shape in California than in most of the rest of the Nation. Climate is an important factor. With sufficient water, many areas can produce three crops a year. Many more can produce two.

Another factor is leadership in scientific and technological progress. Lest this factor be underestimated, I would point out that the one factor that economists recognize as the "input" that has contributed the most to this Nation's economic growth is its investment in research and education.

The contribution made by land grant colleges is, I believe, not only immeasurable, but unique in world educational history. Scientific research of the highest order has produced the knowledge on which economic progress is based. And education -- the transferal of that knowledge, not only to teachers and leaders, but to producers themselves, on their own farms and in their own communities -- education of young people and adults, through our schools and our extension system, has enabled American agriculture to meet and surpass the needs of a burgeoning population. The University of California has played an outstanding role in achieving this goal.

A further reason for California's agricultural prosperity arises out of the general increase in real income throughout the Nation, with the consequent increase in demand for some of the specialty crops which are such an important part of agriculture in this State. While it is true that

in this country the income elasticity of food -- all food -- is very low, this is not true of more expensive food. As real incomes increased, people bought more meat and milk, fruits and vegetables, and less flour and potatoes. Between the 1930's and 1958, the per capita consumption of citrus fruits increased by 39 percent; of meat, by 20 percent; of milk, by 14 percent; of eggs by 22 percent, and vegetables by 11 percent.

California benefits substantially through all of these per capita increases. And the continued rise in real income that is predicted by most economists will continue to strengthen nationwide markets for California's specialized production.

Recent years have also marked an increase in our exports of agricultural products, to a peak total of more than \$5 billion last year. In this, too, California tops the Nation. Foreign customers, in fiscal year 1960-61, bought California cotton, rice, poultry, fruits, vegetables and other farm products worth \$477½ million, nearly one-tenth of the exports of the entire Nation. This State thus has a real stake in world trade. The efforts this Government has been making to keep open trade channels with the Common Market are of great importance to the whole country, and of special importance to California agriculture.

No one can be sure what will happen in the Common Market. However, I am confident that rising real income in Western Europe will, in the long run, mean expansion in export markets for most California products. I would also venture the prediction that, although the contest will continue for many years to come, the liberal forces of Europe who think in terms of freer trade and the entire Atlantic Community will prevail over the inward-looking protectionist school that is so vociferous today. Much will turn on the

"Kennedy round" of the GATT negotiations scheduled to begin next year. The fact that the President has firmly set down the policy that agriculture will be an integral part of these negotiations, rather than the kind of orphan stepchild it has often seemed to be in past negotiations, is gratifying to all agriculturalists, and bodes well for the future.

And finally, the phenomenal industrial growth of California has done much for its agriculture, just as a rapid enough growth in the entire Nation would go a long way to help the Nation's farmers. California's population has increased $2\frac{1}{2}$ times since 1940. This means hungry mouths close at hand. It means growing industries that offer jobs to those who are no longer needed on farms.

Looking to the future, I will predict that agriculture in California and the Nation will continue to increase in productivity, perhaps at an even greater rate of acceleration than that of the past decade. We will continue to produce an abundance of food and fiber, with fewer people on less land.

I would now turn to my second question. How can we make the best use of this abundance?

Let me return to the miracle of American agricultural production of which California is an outstanding example. We in the United States produce more food and fiber than we can use, with only 7.7 percent of our population. And here in California you lead the Nation -- with only 2.7 percent of your population engaged in agricultural production.

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One of the ironies of our age is that we seem to regard this abundance as more of a problem than a blessing. My own position as Secretary of Agriculture has been coupled with "surpluses" more than with any other concept. I have been pictured in cartoons as a scarcely visible object almost completely smothered in a mountain of grain.

The more I study the problem and seek to find solutions, the more convincing it becomes that the stockpiles of grain, or of butter, or of cotton, are not in themselves the real problem. They are merely evidences of the fact that our capacity to produce in agriculture exceeds our capacity to consume. They are evidences that an age of abundance is at hand.

But this is only a part of the picture. It is suggested by some that all we need is fewer farmers. Let the most efficient ones farm, it is said. Let the others do something else. But what?

America's excess capacity to produce is not confined to agriculture. Our percentage of unemployed in the cities is pretty close to the percentage of excess productive capacity in agriculture. Even today in relatively good times, industry produces at less than 85 percent of its maximum capacity. But industry does not flaunt its unused capacity in the form of huge stockpiles of products that cannot be sold. It merely lays off workers.

Thousands of unemployed workers cannot be stockpiled all in one place. They cannot be cartooned as easily as mountains of corn. But they, like the stockpiles of grain, are evidences of developments in both industry and agriculture that threaten to create a surplus of people.

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The scientific and technological revolution that is a dominating characteristic of the age in which we live is proceeding at a rapidly accelerating pace. Changes that it has already brought about are merely a prelude to the greater and more far reaching changes that lie ahead. Changes already at hand have put us in an unprecedented position with entirely new problems.

The age of abundance that has been ushered in depends more on new machines and new technology than on the employment of more workers -- and this is true in both industry and agriculture. Today national wealth is increasingly produced by machines rather than by human energy. Between 1953 and 1961 manufacturing output increased by 18.1 percent while total manufacturing employment fell by 7.3 percent, and the employment of production workers in manufacturing fell by 14.3 percent. These facts represent a decline of 2 million jobs. Secretary of Labor Wirtz said last December that each month 150,000 men and women were being replaced by machines.

Surpluses and mechanization in agriculture and automation in industry are a part of the same picture, and a part of the same problem. There was a time in American history when, if labor conditions got too bad, the frontier was a safety valve, and surplus labor would move west and take on homesteads on new lands. There was a time when growing and expanding industries in America depended for economic growth on the manpower they drew from boys raised on America's farms. These days are gone forever.

Instead, we are now faced with a real and serious surplus represented by excess manpower -- surplus human beings, if you will, left tragically without any place in our economy, and without any means by which they can share in the abundance that can be produced.

Having met and conquered problems of scarcity that have haunted men since the dawn of time, it doesn't make sense for the most prosperous and powerful Nation in the world to admit an inability to solve problems of abundance that arise from scientific and technological progress. It is unthinkable that we should accept conditions that impose insecurity and fear upon millions of Americans because they cannot find a constructive place in our economic life -- because they have been replaced by machines. It would be a denial of our faith in democracy -- a faith based on regard for the individual rather than for either material things or a political state -- for us to tolerate an economy characterized by a surplus of human beings.

This age of abundance can mean a future of plenty and of progress. As machines progressively eliminate hard physical labor and monotonous drudgery, men can now earn a livelihood and still have time to enjoy the art of living.

The most promising hope and the greatest challenge of today lies in the fact that we are in the midst of the greatest revolution in history, the revolution in science and technology. This revolution enables us to foresee the day when no physical barriers will lie in the way of the production of an abundance of food and fiber and other material goods sufficient to meet the needs of every man, woman and child on earth for food, clothing and shelter.

This unprecedented change -- from an age of scarcity to an age of potential plenty -- is demanding that we adapt our policies and institutions to meet the challenge of abundance. Many of the rules of the game that

worked in a different world are no longer relevant today. Progress in physical sciences and technology has so far outstripped our progress in human relations and social engineering that we are afraid -- today -- because we are not sure we can control the power we can produce.

We are challenged to fill the gap, here in America, between the abundance of things, of the physical needs of life, and the scarcity and great need that still exist for education and recreation and those non-material things that make life more worthwhile.

We are challenged to face the fact that our abundance is not shared -- that we have learned how to produce abundance faster than we have learned how to distribute it. It does not reach the disadvantaged groups in our own country. It seems almost out of reach for the overwhelming majority of the people in most Nations of the world.

To meet these challenges we must develop an economy that will promote a wider distribution of our abundance here at home, that will eliminate the pockets of poverty that now exist, that will have learned how to increase efficiency without increasing unemployment, that will offer equality of opportunity to all Americans to share in our abundance.

We must continue to assist the people in the emerging nations of the world in their struggle for economic growth and development to the end that they too, can share in the abundance that is becoming a birthright of all mankind. In this effort, today, California is pioneering another first. Governor Brown announced a few weeks ago that this State was about to mobilize its talent for growth and to share it with one country of Latin America, Chile, in which the hope for growth is tied closely to the

maintenance of freedom. In this approach you can demonstrate how one State, its institutions and its people, can add unmeasured value to a program of assistance to the emerging countries to which our Nation is committed.

The challenge is, basically, a challenge to education. The institutions and the leadership that have made such invaluable contributions to solve the problems of scarcity are now called upon to find solutions to the problems of abundance. And the leaders and the experts must do more than find solutions. They must educate the people of the United States to understand the problems in order that they will make the right choice in solving them.

Because we believe in democracy we are confident that when the public understands it will make the right choice.

With adequate public education and understanding we will no longer raise more crops than we can afford to store, while at the same time we fail to provide green open spaces in which millions of boys and girls who live in our crowded cities can enjoy nature's great outdoors.

With adequate public education and understanding it need never be said that, in these critical years of the scientific revolution, we were able to send men into space but unable to put bread and milk into the hands of hungry children.

The University of California, and all of the other great educational institutions of this land, are now facing this great challenge.

They will need to continue their role of leadership in advancing scientific knowledge and technical skill to produce more and better food

and fiber more efficiently; to discover and adapt methods to other conditions in less developed countries where abundance is now only a dream; to sustain and strengthen America's leadership in physical and material progress.

But they must also intensify their activities directed toward social and economic engineering, toward progress in human relations, and toward the kind of education of the people of this State and this Nation that will enable them to fulfill their role as citizens in this complex, rapidly changing society.

With essential public understanding and support, it need never be said of this Nation and this generation that we had the scientific knowledge and technical skill to reach the moon and circumnavigate the planets, but we did not have the ability and the will to use that knowledge to produce and distribute the abundance that science and technology now offer to a world at peace -- or the social vision to secure, to ourselves and our posterity, the real values of freedom that lie at the heart of happiness for all men.

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I am honored to be here today to participate with you in this landmark undertaking.

Let me begin with this prediction: The outdoor recreation needs of the American people cannot now be met...nor will they ever be met...by the combined efforts of local, State and Federal governments alone.

These needs...the unsatisfied appetite for open spaces and green areas which grows more rapidly than our population increases...will be met only as we turn to the three-fourths of our land area which is in private hands.

By this I mean we must encourage the American farmer who owns much of this land to grow outdoor recreation in place of some of the crops he now raises. Much of the land where we will find our recreational opportunities in the years ahead is in crops, range or woodlots today.

I don't mean to imply that I believe the facilities we are providing and expect to provide from the public sector should be de-emphasized. Far from it. We need to do far more than we are at present. I simply believe that the demand will be greater than the ability of the Congress, the State legislature or the county commission to respond fully and adequately.

We already have a fairly clear picture of our outdoor recreation needs. There is a growing body of research on this subject and, in addition,

Address by Secretary of Agriculture Orville L. Freeman at the National Conference on Outdoor Recreation Research, University of Michigan, Ann Arbor, Michigan, May 6, 1963, 9:30 a.m. (EST).

we have only to look around us to see the nature of the problem. Hunting and fishing visits in the National Forests, for example, are increasing eight times faster than national sales of user licenses.

Last year, over 113 million recreation visits were made to the National Forests. In 1957, when some of the experts in the Department were predicting...on the basis of the best available evidence...how many recreation visits we might expect in 1962, they optimistically said the count might go as high as 62 million -- a little more than half of the actual count today.

Even in reaching this record count we found many of the forest recreation areas filled to capacity. A North Carolina newspaper, for example, complained that over 100,000 persons were turned away from official camp grounds in the National Forests of Western North Carolina. This same problem of inadequate facilities is plaguing State parks here in Michigan as well as in most other States. People are being turned away because there isn't room.

It is a problem common to all outdoor recreation areas. In New York the word is that it's almost easier to get a foursome with General Eisenhower than it is to get on the list of any golf course to play a round. On many lakes of my own State of Minnesota we need as careful boating safety rules as we do for cars on our highways. Skiing areas in many States often look as crowded as a convention hall. And on weekends in Washington, D. C., there is often more careful plotting of strategy to get a tennis court than there is to insure passage of legislation in the Congress. It used to be said that the early bird got the worm, but today the early bird is the only one who gets the exercise.

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For a little more definitive account of what our outdoor recreation needs are going to be, we can look to the recent report of the Outdoor Recreation Resources Commission. This group predicted that the demand for outdoor recreation would triple between now and the year 2000. I hope they are right...but I recall the very conservative predictions of recreation visits to National Forests.

I suspect we never will be able to predict with great accuracy the size of our outdoor recreation needs. It is as though we were behind in a foot race where there is no finish line, and we have no idea how much ground we will cover in catching up.

How can we truly estimate in an area which encompasses many variables of unknown quantity? The scientific and technologic age we live in...an age of abundance which can satisfy all the material wants of every person...is providing more time than ever before for the individual to fill as he chooses.

Our population is increasing rapidly and, with it, personal income is also steadily rising. Not too long ago I heard a prediction that average family income...now \$7,140 annually...would rise to nearly \$15,000 a year by the turn of the century.

I think we should be aware that the benefits many of us enjoy from the age of abundance are not shared by all. Too many Americans live today isolated in a world of bypassed skills and inadequate opportunity which science and technology have helped create.

But the trend, which will only be accelerated as we solve the problems of underemployment and technological unemployment in both rural and urban areas, is towards increasing freedom for the individual to develop other skills than those with which he chooses to earn a living.

And, clearly, more people with more time and more income will increasingly seek outdoor recreation.

This is a challenge which both the public and private sector of our economy must meet. In the time remaining I want to describe some of the actions we are taking in the Department...and in the process, give you some ideas of what we are doing in recreation research and where we might apply more research talent.

Since most of our public recreation program is carried out through the Forest Service, let me start with that.

To cope with the increased recreation load, Forest Service built in 1962 over 3,000 additional camp and picnic units and rehabilitated almost 10,000 others. The Service developed 35 new major recreation sites last year, including ski areas, swimming sites and scenic overlooks. Last year 4,300 miles of forest development road, 180 miles of trails and 300 bridges were built in the National Forests. Over 175,000 acres of rangeland were revegetated and over 1,000 stock ponds were developed.

We intend to accelerate this outdoor recreation program, but we also recognize there are practical limits to the extent it can fully satisfy public needs.

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For one thing, many of the National Forests are located in the less populous areas of the country...too far from the heavier concentrations of people to provide the opportunity for afternoon family picnics or for casual weekend hiking and camping.

In order to fill this void, I believe we will, of necessity, have to turn to commercial recreation for sale...outdoor recreation on the privately owned farms, woodlots and lakeshores which surround our great cities and sprawling urban areas.

Let me review in more detail some of the things we are helping local people to do in our Rural Areas Development program, specifically the phase in which outdoor recreation for sale plays an important role.

These activities were authorized by Congress in the Food and Agriculture Act of 1962, and represent a dynamic expansion of the Department's long-standing resource development work.

The 1962 Act empowered the Department to make loans to farmers and rural associations for the development of recreation, and for other action which encourages shifts in land use. The small watershed program was expanded to include the development of public recreation areas and also to provide water for future municipal or industrial use. A cropland conversion program was authorized to extend on a national scale the benefits of long-range land use adjustment contracts we formerly could provide only to farmers and ranchers in the Great Plains States. This national cropland conversion program provides for the development of recreation, wildlife habitat, grazing, forests or water storage on land now producing row crops or hay, or land in Federal diversion programs.

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The act further provided the authority to establish resource conservation and development projects which allow us to work with small groups of farmers and urban residents to help them jointly establish small recreation facilities.

The Congress also authorized in the Act the development of rural renewal projects which will permit us to assist local units of government in rural areas where there is substantial poverty and limited opportunity to raise income levels and to begin using under-developed resources.

These new legislative authorities are being put into use as rapidly as possible.

Let's take individual farm recreation loans first. Only last month we made the first 20 of these loans -- totaling \$139,000 -- to encourage new uses for land resources. They were made to finance such things as on-the-farm accommodations for vacationers, expansion of a small community golf course and the production of quail for restricted hunting.

A Wisconsin farmer received the loan to develop on-the-farm vacation facilities. The loan is for \$6,100, and will be used to renovate some of his buildings for use as living quarters for individuals and families who want to spend their vacation on the farm. He also will develop several camping sites, and build a boat dock on a large lake near his farm.

The second RAD program which encourages recreational resource development comes under what we call the cropland conversion projects. Currently we are operating it as a pilot program in 237 counties throughout

the country, with 196 counties specifically authorized for recreational development. Recreation is only one of several ways we are seeking to develop new uses for cropland which now produces farm products in surplus, but recreation is perhaps the most important.

One of the test areas in this program is located in Calhoun County here in Michigan. One farmer there, Bernard Katz of Marshall, plans to develop 166 acres -- 93 of which are now in crops -- as a recreational area which will provide fishing, swimming, boating, camping, hiking, and horse-back riding in the summer and fall...and tobogganing and skating in the winter. He also plans to build cabins for overnight and extended visits. We are assisting him in the conversion of his cropland through a combined loan and cost sharing program.

One of the most promising areas for recreational development is provided by the expanded authority within the small watershed program. Originally conceived as a flood control and prevention program, it has been expanded over the years to encourage the development of water related resources which contribute to the economic health of the local area.

Under the 1962 Act, we now can provide financial and technical incentives to the local sponsors of a watershed project to include recreation areas. We provide technical assistance and share planning, development and land costs on a 50-50 basis. One of the newly-proposed watershed recreation areas is located in the Chippewa Creek Watershed Project about 150 miles southeast of here in Ohio. Local sponsors plan a 290-acre lake, with a shoreline of over two miles in length, which would be open to the public.

More than 600 acres of surrounding land would be developed for picnicking and family camping. A bathing beach, bath houses and other facilities are planned, along with a boat marina, play areas and parking space.

The Chippewa Creek project is located within 20 miles of the heavily populated Cleveland-Akron complex, and will provide valuable recreation facilities for this urban area. In addition to its outdoor recreation aspects, the project also will provide flood protection over a 120,000 acre area and also will permit development of fish and wildlife habitat.

Since the program began in the mid-1950's, we have received over 1,800 applications for watershed projects. Over 850 have been authorized for planning and some 460 have been approved for construction. Local sponsors in a number of projects have developed recreational facilities on their own, but we expect that with the new authority over a third of the future applications will include recreational development as part of the watershed plan.

A fourth aspect of the RAD legislation which holds great promise for building recreation resources is the resource conservation and development program. This, frankly, is new and experimental, and is an area where we would expect quite a bit of help in the way of research. It is designed as a way to join up groups of farmers with about the same number of city or urban residents to develop rural land and water resources for outdoor recreation.

City and urban residents, either as members of a sportsmen's club or a church group or a neighborhood association, could join with a nearby

soil and water conservation district to build recreational facilities of many different kinds. The Department could provide loans or cost sharing agreements to help build recreation facilities. The farmers would have an additional income source from their lands, and the urban residents would have an outdoor recreation area reserved specifically for their use.

We do not have any Conservation and Development projects underway at this time, but we propose to begin about 10 of them on a pilot basis around the country should the Congress appropriate the funds we have requested for this purpose. Since this is new, and we are approaching it on a pragmatic, experimental basis, we would welcome your comments and suggestions as to how this program can best serve our recreation needs. We are open to your ideas.

The final phases of the RAD legislation that I want to discuss are the rural renewal projects designed to attack the entrenched poverty in many rural areas. We envisage these projects will cover an area large enough to meet the deep-seated economic problems, rather than nibble ineffectively on the fringes. Their purpose is not specifically to develop recreation resources, although here again recreation will become an important phase of the overall economic development programs in rural renewal projects. It is entirely possible that many areas -- particularly in the Appalachians, the Ozarks and some segments along our Canadian border -- where rural renewal can be most useful will some day be the best developed as our growing population seeks outdoor recreation opportunities in the years ahead.

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Through rural renewal, we propose to work with legally constituted local bodies to make the land more productive, to construct water and sanitation facilities, to encourage the development of new industries and to stimulate the building of both private and public outdoor recreation facilities. This is a bold program similar in its intent to the urban renewal projects which are helping our cities to renovate and rebuild their core areas. It is new and experimental, and we plan to proceed carefully through a series of pilot projects as we learn both the pitfalls and the promises of this approach. It, too, is an area where we will depend heavily on research.

Thus far, I have described the areas of Department activity which are designed to help meet the growing demand we can expect for outdoor recreation resources. I have referred to the need for more recreational research, and in the remaining time I have I would like to describe some of the research activities we are now doing in this area. From this we can begin to see where our research programs are strong, and where they need to be strengthened as well.

Recreation research is, frankly, a relatively new field.

Generally, our recreation research falls into three different categories -- that which has been done for other purposes but has recreation values, original studies of recreation needs in the public sector, and studies of the economics of outdoor recreation for sale.

Currently the most intensive research within the Department in outdoor recreation is being carried out in the Department's Forest Service

where, since 1957, we have had a Forest Recreation Research section. Its studies, in the main, are directed towards developing information which will enable us to improve recreation opportunities in the National Forests. In parallel to this effort, the forest researchers are studying and developing techniques which will help us maintain and protect natural features from damage or destruction as the result of prolonged or heavy use. They also have been doing some valuable work in applying their findings to helping the small woodlot owner and farmer develop his own forested lands for recreation uses.

Dr. Harper will highlight some of the research results in your sessions this afternoon.

Some research which other USDA agencies do within their area of specialty has dual application to recreation. These studies range from soil and water conservation research to plant and pest control studies to development of new food products. In soil and water conservation research, for example, we develop the kinds of plants...and patterns of planting... which encourage wildlife propagation and tend to keep birds and animals within relatively restricted bounds. This is useful in establishing hunting preserves.

In our studies of means of controlling pests, we have developed both insect attractants and repellents...and there has been wide commercial adaptation of the repellents for use by persons who go camping, picnicking, hiking and fishing.

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Similarly, as part of our research programs to develop new food products, we have produced many dehydrated, condensed and dried foods which are popular with the outdoor enthusiast. With lighter foods, camping parties can carry more supplies...and hikers can range further from their base camps.

In our research on the economics of outdoor recreation for sale, we are only beginning to scratch the surface, and we need to make a greater effort here. Our economists are compiling, for example, data obtained in a 1959 survey of the economic importance of tourist trade in the Missouri Ozarks. Preliminary findings indicate that tourism provides a payroll of 5,300 persons in the 31-county area.

We also have underway other regional studies -- one, for example, in Ohio to determine the economic benefits of farm vacations to the farm owner. A study also is being made to determine what risks the farmer will assume if he operates a farm recreational enterprise. Another research project will give us some measure of the priority of recreational projects within a rural renewal program.

But, as I indicated, our research efforts in this area are limited. Recreation on farms and ranches has received little research attention, yet it can be an important source of income to farmers and ranchers in low income areas. Farmers and agencies which assist in planning recreation development need research information to guide them in developing individual and community recreation enterprises. Information on capital expenditures, costs, returns on land, and other requirements are needed to make adequate decisions.

Recreation as a source of employment and income for rural people in low income areas needs to be analyzed both as it affects farmers and other persons and the community development pattern. In relation to this, we need estimates of potential outdoor recreation demand for specific rural areas.

We also need projections of major economic and social trends which affect recreation demands, as well as estimates of potential outdoor recreation demand for specific rural areas.

We need answers to a great many questions: How can a community insure that desirable recreation-for-sale facilities will be maintained around an area of growing population? Which recreation facilities can the private sector best provide? Are there certain outdoor recreation opportunities which only the public sector can provide?

These are only some of the more obvious questions for which research can help find the answers. I hope that in your discussions and deliberations here that you will help define the areas where research is most badly needed.

The fact that you are meeting here at the first conference on recreation research does not mean that research is not being done, but it does indicate the growing need to establish priorities and allocate responsibilities in this area if we are to get the kind of information we need in time to make the most practical use of it.

This conference also indicates a readiness...a willingness...to grasp the opportunity which our Age of Abundance is giving to make a better life for all people in the years ahead.

It is obvious that we will need more outdoor recreation, and we will have to make it available. Research will enable us to do the job more effectively and efficiently.

I pledge to you the support of the Department in this effort, and I ask your help in return as we move to meet this great national responsibility.

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May 10, 1963

For Release Sunday, May 12

UNITED STATES DEPARTMENT OF AGRICULTURE
AGENCY FOR INTERNATIONAL DEVELOPMENT
FOOD FOR PEACE

Washington, May 10, 1963

Statement by Agriculture Secretary Freeman, AID Administrator Bell, and Presidential Assistant Reuter on Arrival at Quito, Ecuador, May 12:

United States Government officials, led by Orville L. Freeman, Secretary of Agriculture, David E. Bell, Administrator of the Agency for International Development, and Richard W. Reuter, Special Assistant to the President for Food for Peace, issued the following statement upon their arrival in Quito, Ecuador, on May 12, 1963, to participate in a series of meetings with representatives of these U. S. Government agencies stationed in Latin American nations:

"The nations of the Americas -- North and South -- have had a common interest in freedom for nearly a century and a half. We share with each other a history of achieving independence from colonial domination, and of the exploration and settlement of new frontiers. Now, in the Alliance for Progress we share with each other a common determination to use the forces of the ongoing revolution in science and technology to raise the level of living for all. Economic growth is not an end in itself. Its real purpose is to make possible the achievement of higher levels of living within the reach of every man, woman and child -- in the cities, in the villages, and on the farms.

"The availability of an adequate supply of food takes priority over all other needs in the interest of decent living for the individual and of economic growth for the nation. The development of agriculture has made major contributions to economic growth in the United States -- it has an equally important role to play in Latin America. Food and agriculture are indispensable keys to progress in each of the Alliance nations.

"Agriculture in the United States has made an outstanding success of the production of an abundance of food and fiber. This success imposes upon us both the opportunity and the obligation to use the fruits of that success as effectively as

possible to contribute to the accomplishment of the objectives of the Alliance for Progress. It is for this reason that we are holding this conference on food resources and the Alliance for Progress.

"We have come to Quito to meet with representatives of United States Government agencies stationed in Latin America to discuss with them how the agricultural resources and productivity of the United States can make a maximum contribution to better living and economic growth. Although the United States has been engaged in a Food for Peace program here in Latin America for nine years, this conference is the first of its kind. This meeting in itself indicates the importance we attach to these programs. It is a part of the process of coordination of our own efforts, within the several agencies of the United States Government that share in these programs, in order that we may effectively mobilize all appropriate resources at all levels to improve our programs and increase their effectiveness.

"Our Food for Peace program is today systematically being worked into economic development plans in those countries where we have agreements. This coordination begins in the field with our agricultural attaches and the AID, Food for Peace and Rural Development officers in each country. It goes right on through to officials of AID and the Department of Agriculture in Washington, and includes the positive cooperation of the Association of Land Grant Colleges, whose resources have so much to contribute in the essential fields of research and education.

"The food that we can make available goes beyond efforts to alleviate hunger and meets needs arising out of emergency and disaster. We are expanding the use of food for work in the building of roads, schools and community facilities -- thus turning food into capital assets in developing nations. We are especially interested in programs for child feeding and school lunches -- programs that enhance the health and strength of the coming generation as they give additional impetus to education.

"American agriculture is also able to contribute, in addition to the fruits of its productivity, the know-how that makes this productivity possible. We recognize that each nation must seek permanent solution to problems of hunger and want by increasing its own domestic agricultural production. We would therefore combine, as effectively as possible, our Food for Peace program with programs of technical assistance that will develop, as rapidly as possible, the capacity of the Latin American nations to meet their own needs.

"All of the participating nations will gain from the resulting economic growth and development, and from expanding commercial markets that will come with increasing prosperity. The Western Hemisphere is in many respects a natural trading area whose potential is far greater than has been realized so far. With the success of the Alliance goals, trade will expand and diversify and our commercial ties will be strengthened.

"As nations succeed in directing the forces of the revolution in science and technology toward greater abundance for all citizens, they will move closer to the goal of self-sustaining growth. By doing this in the framework of democracy they will demonstrate that food, clothing, shelter, and all the basic needs of life, can be provided in greater abundance to more of the people under free institutions. This may be the most significant measure of the urgency and the importance of the Alliance for Progress."

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Statement of
Orville L. Freeman, Secretary of Agriculture
on
S. 580, The National Education Improvement Act
Submitted to the Subcommittee on Education, Committee on Labor & Public Welfare,
United States Senate, May 15, 1963

I appreciate the opportunity to submit a statement to the Subcommittee on Education on behalf of S. 580, the National Education Improvement Act.

No subject is of greater importance to the people of rural America. The rural areas of our country have far more than their share of poverty; two-fifths of the low-income families of the United States live on farms or in rural towns and villages. And the relatively low income of the people in rural areas is both the cause and the effect of relatively lower educational levels. Poorer country school districts lack the tax resources to provide the modern varied curricula and the high-quality teaching of the richer urban and suburban districts. And the young people who receive their education in those rural schools have, as a consequence, less preparation for improving their earning power and their economic status. Thus, the inter-relationship between relatively low-income and relatively low-quality education tends to perpetuate both.

The bill before you is a means for breaking this vicious circle.

Virtually every State now recognizes that school districts in low-income areas cannot, without outside help, provide to their children opportunity equal to that provided children born in higher-income districts. In the distribution of State aid for education, the States seek to equalize opportunity through equalization formulae of various kinds. These have helped, but they have not helped enough. Rural schools still do not, on the whole, match their urban counterparts in the educational opportunity which they provide.

The bill before your Subcommittee would powerfully accelerate the improvement of rural schools. First, it would make available to the States the

resources with which to improve educational opportunities at all levels, and in every locality. Second, it recognizes, in various of its sections, the need for an extra share of expenditure in those school districts which are disadvantaged because of the relatively low-income of their residents. Passage of this bill would have an immediate, major impact on the standards of education in rural America.

Those of us who are associated with the Department of Agriculture are perhaps in the best position to testify that Federal aid to education can be provided without Federal control. For more than a hundred years, the Department has worked with, and provided financial assistance to, the land-grant colleges. Rarely in these hundred years have the recipients of this aid had occasion to complain that this relationship was anything but productive. They have not complained about Federal dictation or control of curricula, policy, or selection of personnel. The same can be said about the extensive assistance given by the Federal Government since 1917 in vocational training in the fields of agriculture and home economics. As Governor of a State, it was my experience that Federal assistance in the field of education was in no way accompanied by onerous controls. I believe that the patterns of cooperation which have been worked out over the years in existing programs, plus the safeguards written into this bill, provide ample assurance that the Federal aid the bill provides would not lead to Federal control of education.

The Status of Education in Rural America

Although the levels of education in all segments of the population have been rising, a large disparity still exists between the levels of education of rural and urban persons. In 1959 the median years of education among urban

men 25 years of age and older was 11.0 as compared with 9.0 for rural-nonfarm men and 8.6 for men living on farms. Farm and rural non-farm women had, similarly, less education attainment than urban women.

These disparities have continued into the 1960's, and they will continue indefinitely unless strong efforts are made to greatly improve rural educational facilities and services. At the present time, a smaller proportion of rural youth than city youth finish high school. A smaller proportion go on to college, and, for those rural and urban youth with equal years of schooling, the former have generally received a less adequate education in qualitative terms. All these conditions place rural youth at a disadvantage in today's increasingly strong competition for jobs.

It is difficult to measure precisely the degree to which urban youth who complete high school receive a more adequate education, but such objective indicators as can be identified all point in the same direction. For instance, in comparison with urban teachers, rural teachers generally are less well-trained, less well-paid, and less frequently involved in professional organizations. They often have more complicated teaching responsibilities, such as teaching more than one grade or more than one subject. Furthermore, current expenses, instructional costs and value of school property per pupil are considerably greater in systems serving urban than those serving rural youth.

This does not mean that there are no particularly good rural schools. There are. What is needed is more of them. What I am emphasizing is that, for the total population of rural youth, their opportunity for education is not comparable to the opportunity of urban youth. Large differences in scope and adequacy between rural and urban education systems still exist.

There is reason to believe that these differences in quality between rural and urban public schools are one factor that causes a higher proportion of rural than urban youth to terminate their formal education with completion of high school. Only one-third of rural high school graduates in the class of 1960 enrolled in college that year, compared to one-half of urban graduates. And the results of college entrance examinations show that freshmen from rural areas are, on the average, less well-prepared for college.

I want to emphasize that rural areas have done much to improve their educational facilities. Capital expenditures for school construction in rural areas, in relation to the number of pupils, have been exceeding those of urban school districts. School district reorganization provides visible and dramatic evidence of improvement in education. The number of school districts in the United States has declined sharply -- from 127,649 in 1932 to 67,075 in 1953 and to 36,402 in 1961. During this 30-year period, one-teacher schools have declined from 148,711 to 15,018, a reduction of about 90 percent. Practically all of this reduction in school districts and in one-room and one-teacher schools has occurred in rural areas. By the same token, most remaining one-room and one-teacher schools are in rural areas.

The principal barrier to better education for farm and rural youth is the inadequacy of the economic base in many rural communities. Many predominantly rural States, and many rural school districts, already make a greater effort -- in terms of the proportion of their total income paid in taxes for school purposes -- than do more prosperous/urban communities. They simply lack the resources to do all that needs to be done. As I noted at the beginning, two-fifths of the low income families, those with money incomes under \$2,500, in the United States live in rural areas. The median income of urban families and unrelated

individuals was \$5,199 in 1959. In contrast, the median money income of rural-nonfarm families and unrelated individuals was \$4,013 and of those living on farms, \$2,951. Large areas, including scores of rural counties, are made up predominantly of low-income families and clearly lack the revenue base to support comprehensive, high-quality educational systems. They cannot compete with wealthier districts for qualified teachers, and they cannot offer rich and varied curricula or modern equipment and facilities. It is in these poorer rural communities that the dropout rate is highest. Even with State assistance, they are unable to provide for the educational needs of their youth.

Over the years, rural areas have contributed some of their best educated people to urban communities. At least \$10,000 is invested in the education of a farm youth through high school. When he goes to the city, his community contributes this much investment to the economy of some other community. This trend will undoubtedly continue. It is one strong justification for national aid to rural school districts which educate citizens who subsequently live -- and pay their school taxes -- in non-rural districts throughout the nation. It is also one important reason why the nation as a whole has a strong interest in the quality of the education that is being provided in these rural districts.

Passage of the National Education Improvement Act would enable State and local authorities to attack many of the deep-seated deficiencies in our educational system, at all levels of education and in urban and rural areas alike. From the standpoint of rural America, several of its provisions are of particular importance.

The student aid provisions of Title I will make it easier for able rural youths to obtain higher education. As mentioned earlier, a smaller proportion of

young people from rural areas attend college than do their urban counterparts. Some of this difference is undoubtedly due to economic reasons: First, the lower average income of rural families; second, the higher average cost of higher education, which arises from the fact that relatively few country dwellers live within commuting distance of institutions of higher education, which would enable them to attain the economy of living at home while going to college. Thus, economic aid to students, while advantageous to young people from all families, is particularly vital to those who come from rural areas.

Title IV, which provides a four-year \$1.5 billion program of Federal grants to States for teacher salary improvement, has important provisions for equalizing educational opportunity for children of the poorer rural areas. First, the Federal funds would be distributed among States under an equalization formula which is based upon the relative per capita income of the States. Second, 10 percent of the funds must be applied to special projects or programs directed toward the educational needs of educationally deprived children, including those in depressed rural areas having a particularly high incidence of school dropouts and of youth unemployment. Such special aid appears to be the only means in sight for correcting quickly the severe shortcomings in educational standards which exist -- and persist -- in our lowest-income rural areas.

Title V of the bill, which relates to vocational education, is of such major importance to rural areas that I will discuss it at some length in the remainder of my statement. The subject has two aspects: the training of farmers, and the training of rural youth for non-farm occupations.

The Farmers' Need for Education

Earlier I noted that men living on farms have about 2.5 fewer years of education than urban non-farm workers. If we compare the educational levels of farmers with those of other managers -- for example, the managers of small businesses -- the differentials are strikingly greater. But the job of the commercial farm operator of today has become so complex that it now requires a level of education comparable to that of managers in other segments of our economy. The farmer of the future will need not only a better vocational education in producing and marketing farm products, but also the well-rounded general education that is thought desirable in other management positions. The school dropout will be at a competitive disadvantage in tomorrow's complex agriculture comparable with the disadvantage of the urban school dropout in the business world.

Since 1917, when the Smith-Hughes Act was passed, American farm youth have been provided opportunities for vocational preparation for farming at the high school level. No one can estimate the magnitude of the contribution which this vocational instruction has made to the development of farm youth -- and to the marvelous increase in the productivity of American agriculture. There will always remain a continuing need for this vocational type of training in rural areas for young men who plan to enter farming and farm-related occupations. Provided under this same Act is the training in home economics for girls. The homemaker of tomorrow needs such training, whether she resides in a rural area or is one of the many who leave for urban life.

The content of vocational training in agriculture has been broadened over the years and must be continuously broadened in the future. The modern commercial farmer is the manager of a highly complex production plant. He must be a good finance manager, dealing with purchasing and supply problems,

and with the use of large amounts of credit. Most important of all is his long-term planning and decision-making associated with a plant investment that has grown to the size that in nonfarm industries would be called "small business." He must not only make decisions related to his own farm operation but he must participate in making decisions on governmental programs. As a basis for these decisions, the farmer of the future must understand the inter-relationships of his industry to the rest of the economy and even to the international economy. In short, the farmer of tomorrow must be an educated man in a broad sense.

As the Panel of Consultants on Vocational Education stated in its summary report to the President, "The vocational agriculture program, under Federal reimbursement, should be broadened to include instruction and increased emphasis on management, finance, farm mechanization, conservation, forestry, transportation, processing, marketing the products of the farm and other similar topics." To this list I would add outdoor recreation.

S. 580 as a whole brings to rural youth who plan farming careers the opportunities and encouragement for the broad education they will need. Title V expands the funds available for vocational education and provides for greater flexibility in their administration.

Training of Rural Youth for Non-Farm Occupations

To place the educational problems of rural youth in proper focus, we must consider the employment outlook in farming and nonfarm activities. Through the years the rapid increase in productivity per person in farming -- an increase in which all America can take pride -- has meant that our expanded farm output has been produced by fewer and fewer people. Employment in farming declined from 7.5 million persons in 1950 to 5.7 million persons in 1960.

We expect this increase in productivity per person to continue, leading to a further decline of about 25 per cent between 1960 and 1970 in the number employed in farming.

At the same time, according to Department of Labor projections, non-agricultural civilian employment will increase rapidly -- from about 61 million in 1960 to about 76 million in 1970. Most of this increase is expected to be in wage and salary employment, mostly in professional and technical occupations and service industries. This decline in total employment in farming and the significant increase in nonfarm employment means that most farm youth will need education and training directed toward nonfarm occupations.

The figures are startling. Our best estimate is that not more than one out of every 10 boys now living on farms will have the opportunity to become the operator of a full-time commercial farm, which we define for this purpose as one with gross sales of at least \$10,000 a year.

In the decade of the 1960's, a total of 1.9 million farm boys and 5.7 million rural non-farm boys will come of working age. But there are in this country fewer than a million farms that qualify as full-time commercial enterprises.

We estimate that in the decade about 250,000 openings will be available as operators of these farms. Some of these will be taken by present operators of smaller farms. Thus, only about one-tenth of the present youths on farms may expect to become operators of full-time commercial farms. And the percentage of all rural youth who can be absorbed by commercial farm operation is nearer 2 or 3 per cent. In addition to these, there will be opportunities for hired farm employees, for some part-time farmers and for some in farm-related businesses. Even so, the number and the proportion of rural youth who will have to look beyond agriculture for opportunities in the future are large and growing.

These figures pose the crux of the educational problem for rural youth. A large majority of them must be educated for employment in a wide range of vocations and professions. Vocational agriculture -- particularly where it is broadened as recommended by the Panel of Consultants -- provides a good background for boys entering industries concerned with the processing and marketing of farm products. But this solves only part of the problem; we must prepare well over 5 million farm and rural non-farm boys for occupations outside of agriculture.

Because the educational levels of rural youth have been somewhat below those of other youth, large numbers of young people who have left the farms for the cities in the past have had to enter the labor force in urban occupations requiring low skills. Numerous studies made in recent years show that greater proportions of rural youth than of urban are in lower paying and less skilled occupations. And, as other witnesses have pointed out, employment opportunities in those activities that have absorbed much of the unskilled and untrained manpower from rural areas are rapidly declining. Jobs for the unskilled will continue to dry up. The untrained rural youth who is surplus to the rural economy will be surplus in the cities too.

It is therefore urgent that rural youth be prepared educationally to participate on an equitable basis in the emerging occupational structure. Obviously, we should have deep concern for a high level of general education among these youths to provide a base for further training and absorption in a more highly productive labor force.

Nearly every Title of this Act will help to achieve this goal. Titles IV and V, dealing with elementary and secondary education and with the improvement of vocational education, are particularly important.

Vocational agricultural training is a continuing need, but it needs to be balanced by making other fields of vocational education more widely available in rural areas. These include training for wholly new industries and jobs that are emerging in the changing industrial and occupational climate of the seventh decade of the Twentieth Century. We must emphasize vocational educational training in those areas where opportunities are expanding and will be expanding over the years ahead.

In the modernization of vocational education, the construction of area schools -- which the bill specifically encourages -- is highly important in rural areas, because the necessary range of occupational training cannot be provided in small rural high schools. Unless and until such modern area schools are in operation, vocational programs in the smaller schools will of course be needed.

Conclusion

In conclusion, I want to repeat our deep and serious interest in the education and training of farm and rural youth. As a general goal, we want to see them educated on a par with other groups; we want to see farm operators take their place in the economy as educated managers; and we want to see rural youth able to compete effectively in the job markets now and in the future.

S. 580, with the measures provided under the various Titles, furnishes the fundamental framework to achieve these goals for farm people -- goals of a society that seeks the fullest development of the potential skills and talents of all of its citizens. I urge that the special needs of the people of rural areas be considered, and I join in urging passage of this Act.

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I am most grateful for the honor of being a part of your observance of Norwegian Constitution Day. I haven't seen so many Scandinavians since I left Minnesota.

There is something peculiarly American about a celebration of this kind -- in which a large nationality group gathers to pay tribute to a home land across the sea. Because, in doing this, you are also testifying to the greatness of America, which became great by offering homes and freedom and opportunity to people from many countries of the world.

As a Minnesotan...partly of Swedish and Norwegian descent...I am most aware of the contributions my brother Norwegians have made to the spirit and traditions of America. I am most aware of the vigor you have brought to trade and industry...and of the earnestness and understanding you have brought to agriculture.

I am impressed by the enthusiasm which I see expressed by the Norwegians of the New York City area here today. My knowledge of the Norwegian language is almost nonexistent...but I think you who know the language would say it:

"Jeg har glaedet mig til denne Syttende Mai festen idag. Det er morsomt a vaere sammen med sa mange av Norsk herkomst."

Address by Secretary of Agriculture Orville L. Freeman at the Norwegian-American 17th of May Observance in New York City, N.Y., May 19, 1963.

For those of you whose knowledge of the language is no better than mine, I have just tried to say:

"I have looked forward to this 17th of May celebration today. It is a pleasure to be together with so many of Norwegian ancestry."

As residents of Greater New York, you live in an area where many of the newspapers tend to take an oversimplified view of agriculture and my job as Secretary of Agriculture. I suspect that many of you, until today, thought of the Secretary of Agriculture as being a character in a cartoon -- and not flesh and blood at all. I am happy to testify to the contrary.

In most of the cartoons where I play the leading character I find myself somehow involved with surpluses. In fact, I have even been portrayed in cartoons as a scarcely visible object almost completely smothered in a mountain of grain. I like to point out that the Department of Agriculture is actually engaged in hundreds of activities for the protection and betterment of consumers and the general public -- yet the public mostly thinks of the Department as a giant warehouse.

And of course, oversupplies of certain commodities -- especially grain -- are a problem. I knew that when I took the job -- and my associates and I are working hard at this particular phase of the job.

But the more I work at it, the more I am convinced that these stockpiles of grain, of cotton, of butter, are not in themselves the real problem.

(more)

They are the consequences of the fact that our ability to produce food exceeds our capacity to use it. And I want to emphasize that this situation is not confined to agriculture.

We live today in an age of abundance where we can produce food, or automobiles or almost any consumer or industrial product in almost any quantity we desire. It thrusts into an age we can only dimly understand. We see the problems clear enough, but the promise for a better life is often far less clear.

This ability to produce, or over-produce, is present in industry -- in steel mills, in automobile plants, in manufacturing of many kinds. In the first quarter of 1963, the Federal Reserve Board index of rates of capacity utilization stood at only 81 percent.

But industry, unlike agriculture, does not show off its unused capacity in large and conspicuous stockpiles of products that cannot be sold. Instead, it lays off workers. Thousands of unemployed steel workers or coal miners cannot very well be stockpiled all in one place. They do not attract the pen of the cartoonist as readily as do huge mountains of yellow corn.

Yet, to the individual families affected, these industrial layoffs are serious and real. And unemployed workers -- like stockpiles of grain -- are proof of developments which both in industry and agriculture are threatening to create a surplus of people.

(more)

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Indeed, we are already faced with a real and serious surplus represented by excess manpower -- and these people are too often left tragically without any place in our economy...without any means by which they can share in the abundance that can be produced.

These developments, which grow out of scientific and technological changes, are characteristic of our age. They are the visible part of a revolution that is proceeding with great speed. Yet, the changes we have seen are merely prologue to the greater and more far reaching changes that lie ahead.

This is a new kind of problem. History is a record mostly of a world of scarcity, not plenty. Abundance is a situation that number one, calls for thankfulness. We have met the problems of scarcity...and have conquered them. Other countries -- including those behind the Iron and Bamboo and Sugar Cane curtains -- would like to know how we do it.

Yet we find the problems of abundance -- of scientific and technological progress -- more complex and harder to understand than those of scarcity. And it doesn't make sense for the most prosperous and powerful nation in the world to admit an inability to solve these questions.

We must not and shall not accept conditions that impose insecurity and fear upon millions of Americans because they have been replaced by machines and cannot find a new place in our economic life. It would be a denial of the democracy that our Norwegian ancestors helped to create and to nourish on this continent.

This problem -- as applied to industry -- was one of my major concerns as Governor of Minnesota. In northern Minnesota, there is a mining area where generations of Americans have worked -- including many Norwegians and Swedes. Over the years, these workers produced 80 percent of the iron ore that built America and won two world wars. Yet these people -- in the 1950's -- faced a future with fewer and fewer jobs to go around.

Now, as Secretary of Agriculture, I find that the same problem is a daily visitor in my office. It's the same problem -- but this time it relates to farmers. And, with just a little Norwegian stubbornness, I am trying to find an answer. After all, problems are progress, only the solution is lacking.

To put it very simply, we have launched a two-pronged attack on the so-called farm problem. First, we are working to expand the use of our food abundance, but with the realistic view that for the foreseeable future our capacity to produce will outrace even the most intensive effort to put our abundance into constructive channels.

Let me cite one example of how we are expanding the opportunities for constructive use of our food abundance. Last year we shipped abroad under the Food for Peace program over \$1.6 billion worth of food, sharing our abundance with over 300 million persons in over 100 other countries.

This is the true humanitarian use of our food abundance. Only last week I was in South America attending a conference to help expand the role of agriculture in speeding the economic growth of the nations on that continent.

I wish you could have seen and heard the stories of the progress being made there. It comes slowly, almost by one agonized step after the other. But each step is in the direction of a better life for millions of people who have known nothing better than poverty.

In Peru, for example, what began with a single school lunch program in 1961 through the efforts of the Great Plains Wheat Association has now been expanded to a national program reaching 200,000 children. Next year, the program will be expanded further to reach one million children with a hot, rib sticking lunch utilizing food produced by the American farmer. Each meal includes a glass of reconstituted milk.

Now some people call this surplus disposal, or relief feeding... and when they do, they miss an important part of the challenge of this age of abundance. We are making possible a capital investment which will mean a brighter future for the young people of South America through this program. It not only gives students a nutritious meal, thus insuring alertness and health, but also it places a premium on going to school. Attendance last year increased an average 35 percent in schools where the lunch program is operating...and in some schools over 150 percent more children came to learn, and to eat.

It has been said that an army travels on its stomach, but we are out to prove that Democracy seeks to reach and to fill the stomach of every hungry child.

But recognizing the enormous productivity of agriculture we are seeking to find workable tools which will help farmers to balance what they produce with what can be effectively used. Already -- in the past two years --

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we have reduced grain stockpiles by 1.3 billion bushels, and the cost of maintaining them by over \$800,000 a day. Average net income per farm has increased by 18 percent in the past two years. These are important gains -- to all of us.

The second phase of our approach, under what we call the Rural Areas Development program, is designed to help improve economic conditions in all rural America. We call this, for short, the RAD program, and it has as its broad goal the renewal and strengthening of our rural communities. Through this program, we are seeking to develop in rural areas new opportunities for constructive employment, both agricultural and non-agricultural, for those now unemployed or underemployed.

We want to help those who live in rural America to shift resources out of the production of things that are in oversupply -- like surplus crops -- and into goods and services for which a growing need exists -- like recreation, and timber. In many instances this will mean diverting acres from field crops to grazing and to timber. It will also mean developing recreational facilities and services on farms near enough to population centers to help meet the burgeoning need for recreation opportunities.

The Outdoor Recreation Resources Commission has predicted that the demand for outdoor recreation will triple between now and the year 2000 -- but the speed with which this need is rising almost defies accurate estimating.

In 1957, the Department of Agriculture tried to predict five years ahead the number of recreation visits to the National Forests. (That's right -- the National Forests do come under the jurisdiction of the Department -- because we administer the Forest Service.)

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Our experts considered the best evidence they had and predicted that in 1962 there might be as many as 62 million visits to the National Forests. What actually happened in 1962? Why, we had 113 million recreation visits -- almost double the estimate!

What we do know for sure is that everything favors a continued rapid rise in the demand for outdoor recreation. More people have more leisure time. Our population is growing rapidly. And the income of the average family is rising, and is expected to more than double by the turn of the century.

The important thing about Rural Areas Development is that the principal effort is oriented around local communities, and must depend on local initiative and local energy...if success is to be achieved.

You know, it is not unique for a Government to take an interest in agriculture. In fact, it is pretty much the rule in the world over. In America, we are striving to preserve our traditional family farming system, which is the wonder of the world. We try to do this by providing farmers the means by which they can work together in adjusting production so that they may have some of the bargaining strength that other economic groups have. I like to call this "muscle in the market place."

In Norway, the Government already provides farmers with some bargaining strength, only in a way completely different than we propose to follow.

Farm prices in Norway are settled through negotiation between the government and the farmers' organizations, and are based on a relationship between the farmer's returns and his costs. In order to achieve certain income levels, prices for some products are fixed and prices on others are supported through subsidies and marketing regulations.

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An important consideration in these negotiations is the cost of food to consumers. In arriving at fair incomes for farmers, the government also maintains food costs at low levels to insure that food is readily available to all persons.

The Norwegian system fits the Norwegian economy, and it would not fit the special needs of our economy. But the key point is this: While Norwegian agriculture and farm programs are entirely different from our agriculture and our farm programs, both provide an abundance of food. In food adequacy, Norway and the United States rank together.

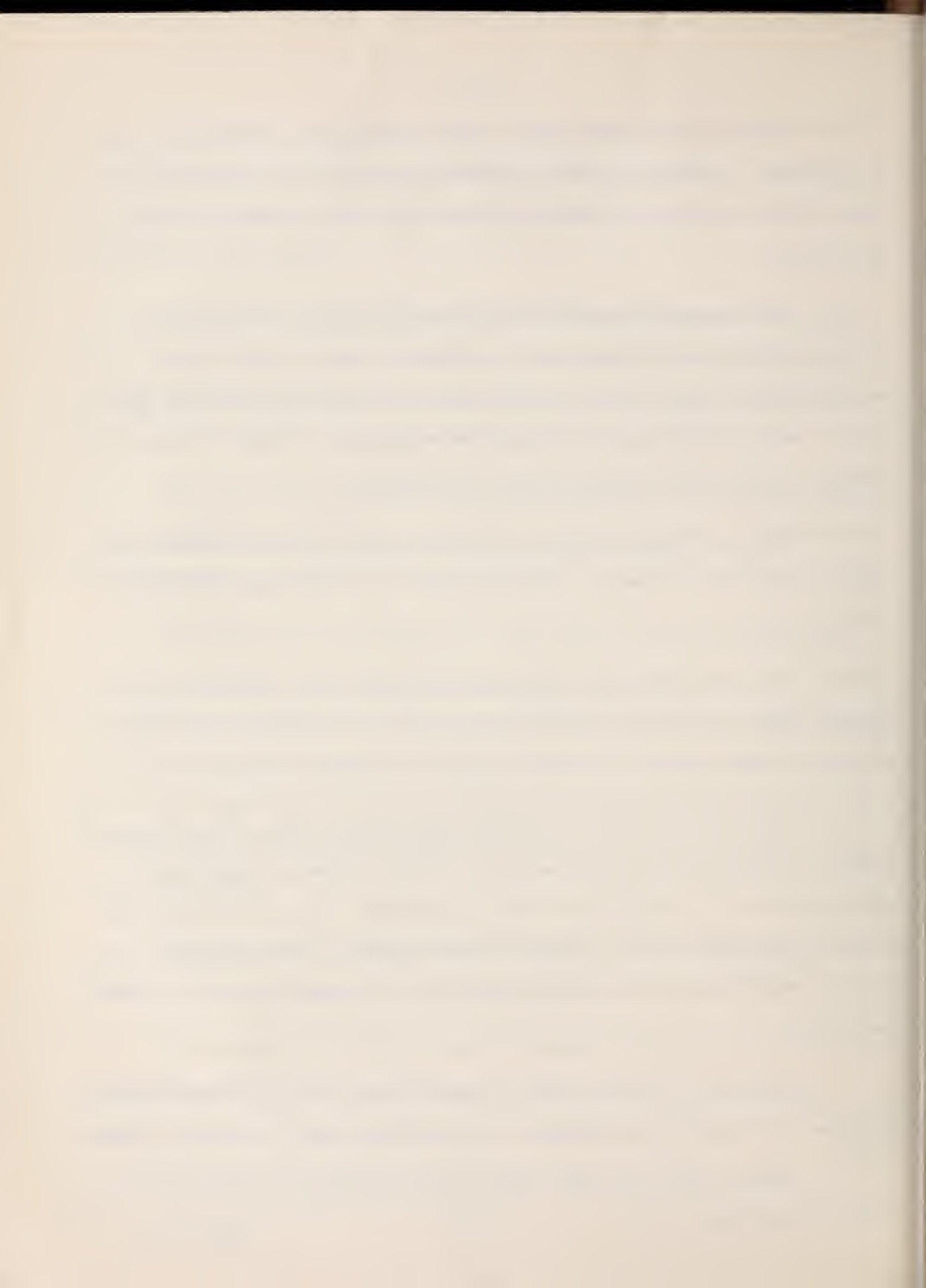
In fact, Norway is one of the few countries in the world where the calorie consumption per person equals or exceeds the level here in the United States.

This is an even more remarkable achievement than it appears on the surface, since the natural resources of Norway are not as great by any means as our own. You have to look further to find the answer to how they do it.

Part of it, of course, lies with the industriousness of the Norwegian people. But much of it can be traced to a strong and thorough educational system which seeks to equip people with the knowledge and skills necessary for a modern and complex world. Much of it can be traced to the institutions...the schools, and to strong cooperatives, labor unions, churches, private businesses and so on.

And much of it can be traced to the recognition of the Norwegian people that their government is an instrument for achieving social and economic justice.

We grow only as we learn, and we still have much to learn from the country from which we came.







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U. S. Department of Agriculture
Office of the Secretary

It is an honor for me to participate with you at this luncheon which begins the ninth year that the Department of Agriculture and the dairy industry have joined in the June Dairy Month celebration. Dairying has always held a special meaning to me, probably because I learned to milk a cow about the time I learned to walk.

Our family farm, homesteaded by my grandfather, is a small dairy-livestock farm near Zumbrota, Minnesota. My summers as a boy were spent there, most of them on the working end of a pitchfork. And today, when my head is filled with the problems of a Secretary of Agriculture, my heart remains with the land and the people who make it produce so abundantly.

This, more than anything else, spurs me on whenever I have the opportunity to speak before a city or urban audience to relate the enormous benefits which the unequalled success of the American farmer has made available to the people of this country.

Year in and year out...regardless of floods, storms, droughts, insects and other natural disasters, we maintain and constantly improve our high level of nutrition because of the abundance of today's agriculture.

And today, we spend less for this food abundance than any people anywhere...anytime...in history. The American housewife doesn't always realize this, but it is true. The average American family today spends only 19 percent of its income for food. Ten years ago food costs took 23 percent of the family income. And today in most countries, food costs range from 30 to 80 percent of family income.

Address by Secretary of Agriculture Orville L. Freeman at June Dairy Month luncheon, National Dairy Council, Sherry-Netherland Hotel, New York City, New York, May 20, 1963, 1:30 p.m., EDT.

One of the reasons food is such a bargain today is that the farmer has been, and is, subsidizing the consumer. It's hard to believe, but it's true. We have heard so much for so long about subsidies to farmers that we no longer look to see what actually is happening. Had food prices at the farm increased as much as the cost of other goods and services during the past decade, all of us as consumers would be paying \$4 to \$6 billion more a year for food. Current prices mean the housewife today has an extra \$100 to spend for other things. Thus, the holler about government subsidies and alleged handouts has all but drowned out the fact that, even including the payments made to farmers, the food we buy today takes less of our income than it did 10 years ago and -- all things considered -- not the farmer but the consumer is the one really subsidized.

There is no doubt about it--our food abundance is a spectacular achievement. It is America's number one success story.

There is no better example of this food success story than the dairy industry.

Very often in my travels here in this country and abroad, I do a little dairy market research. It occurred to me once during a flight that the passengers who ordered milk with their meal did so without the slightest concern as to whether it was put on the plane in Washington, D.C., or Chicago, or Dallas or at some other place.

Whether it was produced in the South, West, North or East -- they cared not. I doubt if one passenger in the several dozen even read the brand name on the carton.

As I thought further about this minor phenomenon, it occurred to me that this is not just a matter of sophistication in the modern air traveler -- it is a matter of confidence in the quality of the product.

You might say that air passengers must have confidence in the air line that flies them and feeds them, but the fact is that this confidence extends to all American travelers. No matter how they travel or at what obscure crossroads they find themselves -- they can and do buy dairy products without the slightest worry.

For any person who has visited abroad, you know that the further you get from urban areas the greater caution is required in the milk or water or other liquids available to drink.

But the American housewife opening a bottle of milk or a package of cheese or butter anywhere assumes that the product will be wholesome, safe and of top quality. This is true even though no food is more perishable -- and none is easier to contaminate.

This faith is a tribute to the splendid job performed by your industry -- from the dairy farmer all the way to the merchant who handles the retail product. This dependable high quality requires the efforts of all.

I join all Americans in saluting the dairy industry.

There is another area too where more public attention could be focused on the achievements of the dairy farmer and his industry. We are

today making greater use of the abundance of American dairy farms...both at home and abroad...than ever before to assure that more people benefit from the improved diet which comes with increased milk consumption.

The dairy industry and the American people can feel justly proud of the constructive uses we are making with our dairy abundance. Every person ought to be glad that this very day over 15 million American school children are eating a well-balanced school lunch -- including milk. For some children, the School Lunch program is their only assurance of at least one good square meal a day.

Every person ought to be equally thrilled that during the year at least 25 million boys and girls will receive one or more half-pints of milk which are made available either through the School Lunch program or at reduced prices through the reimbursement feature of the Special Milk program.

Also this year through the Food for Peace program enough dry milk powder for 35 million children will be made available throughout the world. Some children will receive only a little, and others enough for a school lunch...but even one or two glasses a week is more than some children have had in their whole life.

This is the true humanitarian use of our food abundance. Only last week I was in South America attending a conference to help expand the role of agriculture in speeding the economic growth of the nations on that continent.

I wish you could have seen and heard the stories of the progress being made there. It comes slowly, almost by one agonized step after the

other. But each step is in the direction of a better life for millions of people who have known nothing better than poverty.

In Peru, for example, what began with a single school lunch program in 1961 through the efforts of the Great Plains Wheat Association has now expanded to a national program reaching 200,000 children. Next year, the program will be expanded to reach one million children with a hot, rib sticking lunch utilizing food produced by the American farmer. Each meal includes a glass of reconstituted milk.

Now some people call this surplus disposal, or relief feeding... and when they do, they miss the entire point of the challenge of this age of abundance. On the one hand we are sharing the abundance with which we are blessed. At the same time we are making an investment in the young people and the future of Latin America through this program. It not only gives students a nutritious meal, thus insuring alertness and health, but also it places a premium on going to school. Attendance last year increased an average 35 percent in schools where the lunch program is operating...and in some schools over 150 percent more children came to learn, and to eat.

It has been said that an army travels on its stomach, but we are out to show that the way of Democracy is to fill the stomach of hungry children and make available to them good schooling.

In order to carry out these programs and others under the Food for Peace banner, we provided a record 689.8 million pounds of dry milk during the past marketing year. Three years ago, we shipped abroad 254.9 million pounds.

All told, including the milk and dairy products provided at home through the direct food distribution program, and the school lunch and other youth programs, the Food for Peace program abroad, and others, the Department last year accounted for over nine percent of the total milk marketed, almost 11 billion pounds.

Our efforts to expand markets for the dairy farmer do not end here. We also promote milk and dairy products month after month through the Plentiful Foods program which informs the housewife of special food bargains, and we currently are focusing our educational and information facilities towards the June Dairy Month celebration.

The dairy industry, through the National Dairy Council and the American Dairy Association, has aggressively taken up the challenge of encouraging the use of milk as a highly nutritive, low-cost food item. These organizations on a national basis, together with many local groups, seek constantly to improve the educational advertising and merchandising efforts of the dairy industry.

One of the healthy signs in this area is the growing awareness within the industry that milk as a beverage must compete for attention and consumer recognition with other beverages. It is not enough to stress the "sweet" virtues of milk alone, even though milk is one of the best all-round, well-balanced food items available to the consumer today. The use of milk as the basic product in many of the so-called reducing liquid diets available today is a new encouraging development.

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Another healthy sign is the slow return to reason which is coming in the promotion of competing food items. For some time now the American public has been led to believe that margarine has quasi-medical values in addition to its value as a food product. Consumers Report, in its own methodical fashion, reported recently that the only health claim that could be made for margarine is its nutritional value as a food -- something all foods share in common.

In the highly competitive market we have for food, we must expect that other foods will constantly challenge the envied position which milk and dairy products have in the American diet. This competition will become increasingly strong as new and different foods are developed. The dairy industry, just to hold its own, will need to make a considerable and continuing effort in the future just as it has in the past.

What I have said thus far represents one aspect, the use side of the dairy industry story in this age of abundance. There is another side, directly and intimately related to the one I have just described. As we learn to make constructive use of this abundance of dairy products...as we explore humanitarian and economic development dimensions never before available...we must recognize that the power of abundance is not always a blessing for every person.

This is especially true as it affects the farmer...the dairy farmer...today. It is an elemental truth that in any market -- whether it is the open market of agriculture or the administered markets of industry -- over-production means lower prices.

The basic significance of this is written clearly in dairying. The dairy farmer is the most underpaid food producer in an industry where the returns are generally inadequate. Low dairy farmer income is a loud and emphatic message that something needs to be done...something more than we have been doing.

Cold impartial figures tell the story. In the past twelve years, milk consumption has increased by less than two percent...excluding domestic and international donations. The efforts which you and others are making on the national and local levels are recognition of this challenge.

It reflects the fact that per capita consumption of milk during this period has declined 17 percent, and only the fact that population has increased more than 17 percent at the same time has kept milk consumption from declining overall.

This is an extremely small rate of increase for an industry where the average dairy farmer is increasing his productivity at a 5 percent rate each year. Faced with rising capital costs, he can continue producing milk only by expanding the size of his production unit.

Thus, the very accomplishments...which give rise to the great opportunities for making constructive use of abundance...brings all of us to a related problem we cannot ignore. Some may not want to talk about this problem, and others may try to sweep it under a rug and look the other way...but in the end we cannot run away from it.

As much as we might hope that the combined efforts of the dairy industry and the Department to expand consumption would eliminate the

problem of over-production with low farm prices, this has not occurred to date...nor does it appear likely that these efforts alone can ever bring consumption and production into reasonable balance in the future.

Even if the promotion and merchandising efforts were successful beyond our greatest expectations, the potential of the dairy farmer to increase his output far exceeds the consumer's potential for using it. The figures -- a 2 percent increase in consumption in twelve years as contrasted with the average producer's ability to increase his productivity at a yearly 5 percent rate (60% over a 1-year period) -- cannot be ignored.

At present, government inventories of butter exceed 400 million pounds and the inventories of nonfat dry milk exceed 500 million pounds. And while milk production has declined slightly in recent months, these inventories continue to grow despite the accelerated use of dairy products in domestic and international concessional programs. Purchases of nonfat dry milk are currently running in excess of 1.2 billion pounds annually, or the equivalent of the non-fat solids in more than 12 billion pounds of milk.

I believe there is now and will continue to be a need for programs directed at balancing our supplies of milk with consumer demand so as to stabilize prices at a level fair to the farmer and reasonable for the consumer. This is a fact which the dairy industry as a whole has yet to face squarely.

Few effective steps have been taken to meet this basic need to date. The dairy industry, with all its diverse and divided segments, so far has found it impossible to agree on a sensible program to balance supply

and demand. As a result, we continue to operate our dairy price programs under laws that are long outmoded. We do this, not because these laws do an adequate job, but because they are better than nothing...and the dairy industry has not been able to agree on anything else.

No one questions that dairy farm income is far too low. In 1962 the net farm incomes on typical commercial family operated dairy farms in some of our most important milk producing areas ranged from about \$3,000 to \$6,000. These incomes are lower than incomes on most other types of commercial family-type farms. Yet the capital investment on these dairy farms is larger than for most other farms. When allowance is made for a return on this investment, the actual income of the dairy farmer and his family ranged from only \$667 to \$2,551 per farm. The hourly returns on labor are very much below \$1.00 per hour. We cannot consider the dairy industry healthy until something is done to raise these incomes to a fair and decent level.

A year ago the Administration submitted a program which would have provided higher incomes to dairy farmers without incurring excessive government costs. It did not receive broad support. We have continued since then to work with the industry seeking to develop the kind of consensus necessary for an effective program.

We are hopeful now that such a consensus has developed around a modest program which has emerged in the course of hearings before the Senate and House Agriculture Committees. The program now before these committees provides machinery which would enable Federal market orders with severe

surplus problems to adjust production more closely in balance with demand. At the same time it provides incentive payments to producers who voluntarily make adjustments in supply, applying the same principle that has made it possible to reduce grain surpluses over 1 billion bushels and provide the taxpayers eventual savings of 1.4 billion dollars.

This general approach is one which was advocated by a number of New York dairy groups who appeared at the Congressional hearings. I believe this approach would do much to ease the over-production problem, and at the same time it offers some prospect of income improvement to participating producers even during the adjustment period.

A consensus within the dairy industry will be necessary before an action program is possible.

I hope that in the days ahead you will give this critical aspect of the dairy industry full and thoughtful consideration. I recognize that it is not always pleasant to discuss problems, but it is necessary to discuss problems as well as progress and accomplishments. You have shown through such efforts as we are participating in here today that a consensus can be achieved in the dairy industry when the hope for progress is present.

I would close this message by saying that the positive accomplishments of the dairy industry, both in developing new techniques of promotion and through its participation in efforts to put our food abundance to imaginative use, far outweigh the problems with which you contend.

In fact, the prospects for creating a better life for all people -- both here and abroad -- through the constructive use of both our food

abundance and the technology which makes it possible make the problems of abundance seem very small.

Each day I find new reasons to be thankful that I am Secretary in charge of abundance rather than Secretary in charge of scarcity.

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A CHALLENGE TO USE ALL ABUNDANCE TO CREATE ABUNDANCE FOR ALL

Address by U.S. Secretary of Agriculture Orville L. Freeman
to the World Food Congress
June 5, 1963 - Washington, D.C.

The United States, its people and its government, extend a most cordial welcome to the World Food Congress and to each participant in these meetings.

We welcome this Congress as a fitting opportunity to pay tribute to those pioneers who launched this effort to combat hunger at the conference in Hot Springs just 20 years ago.

We welcome it as an opportunity to give an additional thrust to the five-year Freedom from Hunger campaign, the objectives of which the United States supports by a wide variety of economic assistance operations, including Food for Peace shipments, Alliance for Progress operations, Peace Corps activities, and support for the joint efforts of the FAO, the UN, the OAS, the Colombo Plan, and other international approaches.

We welcome it particularly because of our high hopes that out of these two weeks of deliberations may come definite gains, among them a renewed inspiration to mobilize every appropriate available resource and dedicate it to the achievement of our common goals, a greater awareness of the problems involved, and a better understanding of effective means for solving those problems.

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As Chairman of the World Food Congress I wish to pay high tribute to the many dedicated people who have done so much to prepare for this Congress and pave the way to its success.

We deeply appreciate the leadership of Dr. B. R. Sen, the Director-General of the Food and Agriculture Organization, the effective work of the FAO officials and staff, the support given by the President and the Congress of the United States and the many executive departments involved. We especially want to acknowledge the contributions made by industry and by agricultural organizations, and the work of citizens, through their religious, service and other voluntary organizations -- including the American Food for Peace Council and the American Freedom from Hunger Foundation -- that have meant so much in helping to make this a real people to people endeavor.

Finally, may I pay tribute to the thousand individuals who are participating in the Congress. Each of you is here because of your deep concern about one of this world's major problems. Each of you is in a position to make a substantial contribution to its solution. The success of this World Food Congress depends on each one of you.

As we begin our working sessions, I should like to point out the nature of this gathering, to emphasize the urgency of its purpose, and to suggest some approaches to the achievement of its goals.

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Throughout my presentation I should like to urge that we commit ourselves to a determined effort to win the campaign for Freedom from Hunger; to win that campaign so decisively that we can proceed to enlarge and broaden our goal so that it will encompass the positive approach that is the logical corollary to the elimination of any evil or hazard. Freedom from the evil of hunger then becomes freedom for positive good; -- freedom to enjoy the better things of life that are possible only when hunger is conquered; -- freedom to develop all those human qualities that characterize man and distinguish him from the other animals of this earth that can also suffer from hunger; -- freedom to progress toward higher levels of living; -- freedom for the kind of life that can be within the reach of all the people of the world in an age of abundance.

Throughout this discussion I would ask you to keep in mind the fact that science and technology have now -- in this generation -- opened the door to a potential for abundance for all. In some nations this abundance has already been achieved, particularly with regard to food, to such an extent that we have not as yet learned how to use effectively all that we produce. Let us accept this challenge of abundance with a determined effort to use all abundance to create abundance for all.

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The nature and make-up of this Congress is, in my judgment, particularly suited to a consideration of this challenge. It is sponsored by the Food and Agriculture Organization -- an international agency through which member nations seek to work together toward common goals. Yet it is truly a people to people meeting in the sense that participants have been invited as individuals. Scientists in many fields; representatives of governments, universities and international organizations; leaders in farmers' organizations, industry, women's groups and other citizen bodies; men and women from developed and developing countries -- all are here encouraged to discuss common problems fully and frankly.

The heterogeneous nature of the participation in this Congress is perhaps matched by the varied nature of the kinds of effort that will be required to achieve the goal of Freedom from Hunger, and to progress toward the Use of All Abundance to Create Abundance for All. The achievement of that goal will require more than action by governments, -- more than action by international organizations. It will require a high degree of public understanding and a mobilization of public opinion. It will require action by agriculture and by industry, by citizens' groups, by individual leaders.

It will require planning and coordination at many levels. It will include action by the governments of developing nations and of developed nations. It will include bilateral action as well as

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multilateral agreements. It will require experimentation and pilot programs. It will require flexibility. It will require the kind of exchange of information and experience that will enable us to develop, expand, extend, and adapt those methods, techniques and programs that work the best. It will require a pragmatic and pluralistic approach.

There will be no formal, binding document voted upon, signed and sealed at this Congress. The real success of these meetings will not be measured by any piece of paper, or even by a volume of published proceedings. The measure of the success of this Congress will be determined -- in part, but only in part -- by the quality of the addresses and papers presented here, and the maturity, vision and realism that will characterize the discussions that take place. Its success will be measured, most significantly, by the extent to which the individual participants -- inspired and informed by their experience here -- are encouraged and stimulated to take positive action, after the Congress is over, each in his own nation and within his own sphere of influence, toward plans and programs that will advance the goals we seek.

These goals are among the most important and the most urgent of the many goals shared by all men everywhere. Men have sought freedom from hunger since before the dawn of human history. Long

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before men formulated slogans -- indeed, before they had developed much use for words -- they struggled in response to the primary human drive for food.

But if the desire and drive to achieve Freedom from Hunger is as old as life itself, there exist today two new elements of utmost importance.

One of these elements is symbolized by the fact that we are meeting here today in a "World Food Congress" to express our common concern about a universal goal. This represents one of the brightest hopes of this critical age in which we live -- the hope that arises because we now seek, in a conscious and articulate manner, freedom from hunger for all men all over the world, and we seek to find ways in which we can work toward these goals in cooperation with each other.

This is something new in history. Primitive man sought food for himself, or at most, for his family. Later a tribe, still later a nation, became the unit within which members acted to achieve freedom from hunger for the group.

During much of recorded history men and nations have been forced by the prevailing fact of scarcity to seek freedom from hunger for themselves at the expense of their neighbors. They have

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struggled against each other for the fertile valleys and the flood plains. They migrated into new, forbidding, sparsely occupied areas of the world when population pushed too hard against the supply of food. Countless wars have been fought to gain enough territory to secure enough food to survive.

It was left to our period of history for men to develop a concern to combat hunger for all people throughout the world, to recognize that survival depends more on cooperation than on conflict, and thus to launch international efforts to combat hunger. This fact is one new element of utmost importance.

The second new element is likewise a product of our age. For the first time in history science and technology have progressed so far that we can envision the day when no one on earth need suffer for want of material necessities of life. We can see the possibility of the conquest of hunger and cold and other physical and natural hazards for all men everywhere. The fact of scarcity that has dominated the past can now be replaced by the potential for abundance that is the promise of the future.

This dawn of the age of abundance was recognized by those pioneers who met at Hot Springs twenty years ago. They declared: "that the goal of freedom from want of food suitable and adequate for health and strength of all people can be achieved."

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Two years ago, when the FAO put out its basic study on "Development Through Food," this recognition was tinged with even greater optimism. That publication states: "If action which is well within our means is taken, freedom from poverty can be achieved for most of the world in one generation's time."

And in FAO's publication, "Third World Survey," in a discussion as to whether its targets for Freedom from Hunger can be reached, I find this statement: "There should be little room for doubt on one score: the world could grow enough food to meet all these needs, if we made rational use of nature's bounty."

Within those nations that have come to be called the "developed" nations of the world this new potential for abundance has in many respects become a reality -- most conspicuously in the production of food. Here in the United States, for example, agriculture has dramatically demonstrated its productive success. Millions of our farmers, spurred by the incentive and pride of ownership inherent in the American family farm economy, have applied new discoveries and new methods to their own operations to produce a striking increase in productivity that overshadows increases in other major sectors of our economy. We have produced food to spare and to share. And our economists point out that crop production in the United States could easily be increased by 25 percent by 1967!

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Other developed nations in the world are doing likewise.

Economists in the United States Department of Agriculture have produced a study, entitled "The World Food Budget," evaluating world food needs, balancing them with world food supplies, and projecting them into the future under certain possible and probable circumstances. They have come up with the forecast that, assuming a likely rate of growth in population and income, and a continued growth of agricultural productivity at the rate that prevailed between 1953 and 1960, the developed countries of the world, by the year 2000, would have a potential for food production at almost double the expected demand! This projection dramatically illustrates the potential for abundance that scientific and technological progress offers to the people of the world.

As we examine the rapidly accelerating rate of progress in these fields we can foresee the end of the physical barriers to an age of plenty. Yet for most of the people that inhabit this earth abundance is only a dream. But it is a dream that becomes more insistent and more impelling every day.

We are meeting here today because we believe that, in a world in which abundance is possible, all people have the right to aspire to make that dream a reality.

We know that in today's world the contrast between those who have enough and those who have too little is too sharp and too

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disturbing to be tolerated. A little more than a hundred years ago Abraham Lincoln told the people of the United States that this nation could not long exist half slave and half free. Today, when we can circumnavigate the globe in far less than time than it would have taken Lincoln to travel from the east to the west coast of this nation, it is doubtful whether the community of nations inhabiting this earth can long exist half hungry and half well fed.

The security of the world demands that this unbalance be corrected. The security of the world demands that measurable progress be made without delay. The half of the world that is hungry is increasing in numbers faster than the other half. Unless steps are taken to accelerate the rate at which growing numbers of people in developing nations can reach satisfactory levels of living, the world must face what the Roman philosopher Seneca referred to 1900 years ago when he said: "A hungry people listens not to reason, nor cares for justice, nor is bent by any prayers."

This is a measure of the urgency of the goals we seek here.

We meet in this World Food Congress because we recognize this urgency. Whether we live in the "developed" nations, in which abundance is sometimes called surplus, or in the "developing" nations, in which food deficits handicap both personal welfare and national economic development, we are meeting here because we believe it is in our own interest, as well as in the common interest of us all,

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to cooperate in a campaign against hunger throughout the world. We meet in order to learn from each other how the abundance that exists in parts of the world can be used to mutual advantage to create abundance for all.

We meet, not only to consider a vision of progress that may be possible, but also to study realistically and practically the problems that must be solved if that possibility is to become a reality. Each of the quotations about potential abundance that I presented earlier is a qualified one. One of them says that our goal "can" be achieved, not that it "will" be. One says that poverty can be conquered in this generation if we take the necessary action. One says we can reach our targets if we make rational use of nature's bounty.

The goals we seek are not easily reached. There are roadblocks in the way of our progress toward abundance. Many of them are serious. Some seem almost insuperable. Every one of the efforts made -- by the FAO -- by governments, singly and in cooperation with each other -- by citizens' groups and voluntary organizations -- every one of these efforts has helped to make us aware of the nature and magnitude of the obstacles that lie in our way. I, therefore, ask you to consider with me some of the most serious roadblocks, with a view to finding practical means by which they can be overcome.

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The Role of Agriculture

One obstacle to progress has been an inadequate recognition of the importance of the role of agriculture in economic growth. A new steel mill seems much more dramatic than an improved rice paddy! Many of the developing nations have allocated their limited resources to industrial growth at the expense of agriculture to a degree that has intensified hunger and hardship and even threatened all economic growth.

An examination of our own economic history here in the United States shows how massive has been the contribution of agriculture to economic growth, particularly when our nation was in the developing state. It released workers to industry as it became more productive. It lowered food costs in relation to income. It provided an expanding market for industrial goods. It produced large earnings from the export of farm products; sustained output during economic depressions; and met wartime needs for food and fiber. It now contributes to world economic growth by assisting in the economic development of other countries.

Agriculture can make comparable contributions to growth in all of the developing nations. In fact, it must make sure contributions if development is to succeed.

Experience has shown how serious are the consequences when food and agriculture are neglected by a developing nation that is pushing rapidly for industrialization. As workers are drawn from

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the farms without any accompanying increase in efficiency, an already scarce supply of food becomes scarcer. As incomes in industry rise a little the demand for food increases, and either rationing or inflation are likely to result unless food can be provided from an outside source.

Adequate recognition of this roadblock is the first step toward overcoming it. When it is fully understood that a major factor limiting economic development is a low level of agricultural productivity, programs can be planned to increase that productivity at a proportionate rate.

The program at this Congress offers much opportunity for study and discussion of the essential role of agriculture in economic development. If, out of this Congress, could come an increased awareness of its significance, a greater familiarity with successful agricultural development programs and projects, and a determination to act to make sure that agriculture is accorded its proper place in planning and programming for economic growth, this roadblock could be eliminated.

The Building of Institutions

This leads to a consideration of other roadblocks in the way of progress in agriculture and rural development. Too often, here, the major roadblock is the failure to build the kind of institutions under which agriculture can make its major contribution. It seems much easier to see the need for better seed, fertilizer, machinery and irrigation systems than it is to develop institutions for education, effective marketing, adequate farm credit, and a sound system of land tenure and ownership.

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Permit me to note, very briefly, some of the institutions that have contributed so much to agricultural progress in the United States. I do this, not because I mean to insist that institutions that work best in my country are necessarily the best for all, nor because I would ignore the vast differences in conditions that prevail; but rather because I believe that some of these institutions are based on principles that are valid everywhere, that can be adapted to meet many diverse conditions.

I think I would rate, at the very top, general education for all of the people. Unless farmers are literate and informed they face almost insurmountable handicaps in achieving greater efficiency and higher levels of living. The one single "input" that has contributed the most to progress and economic growth in all fields, here in the United States, is popular education.

Higher education and research, so well illustrated by our Land Grant Colleges, have made contributions of immeasurable value to our agricultural development. Our extension system has brought new knowledge to farmers in their own homes and their own communities. Our Land Grant Colleges have already made a good start in helping the developing nations, and extension systems are being developed in many parts of the world.

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Educational institutions from both developing and developed nations are represented here at this Congress. If our deliberations here can promote greater exchanges of ideas and knowledge, increased cooperation and assistance, great strides forward can result.

Further research and new knowledge, about the requirements for adequate nutrition and the efficient production of various foods to meet those requirements, will always be needed to meet our constantly expanding needs and goals. But, in the allocation of scarce resources for education it is important to remember that the foundation must rest on broad, general educational opportunity for all of the people. Early in our history, Thomas Jefferson cautioned the people of this nation that "if you expect to be both ignorant and free you expect what never has been and never can be." Popular education is a basic requirement on which all other institutional development depends.

Economic institutions are also essential; and, if agricultural advance is to maximize its contribution to higher levels of living, institutions for the handling, transportation, storage, processing, marketing and distribution of food must also progress as agricultural productivity increases. As the cultivators of the land seek to raise their efficiency and productivity they need institutions that will assure adequate credit on favorable terms.

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Among the institutions that can help to meet many development needs are cooperatives, one form of private enterprise through which members can pool their resources to help themselves. It is possible that cooperatives can contribute even more in the developing countries than they have in the United States. Laws enacted in this country since the 1920's have encouraged the development of farm cooperatives, and our foreign assistance legislation specifically provides for aid in developing cooperatives abroad.

One institution that has proved its worth by its results is the system of land tenure that is based on ownership and control by those who till the soil, and which therefore provides the farmer with a most powerful incentive to improved operations. No other incentive stimulates capital improvements on the land as well as the farmer's assurance that he owns those improvements. No other system has been able to produce the abundance of food that this one has demonstrated so effectively and dramatically. I commend it as emphatically as I know how.

In emphasizing the building of appropriate social and economic institutions as an indispensable part of programs of development, I do not intend to minimize the importance of the physical and material things. These are essential. But they are also easier to come by. Without the right institutional framework they can be, and have been, used to exploit rather than develop the people themselves. In other words, physical progress and material resources do not necessarily, in and of themselves, bring about abundance for all.

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On the other hand, institutional development can bring abundance to areas where material resources are scarce. Some of the best fed people in the world live in Norway, where the proportion of arable farm land is very low. Some of the people with the highest standards of living in the world live in Switzerland, a country rich in resources of beauty and people, but lacking in resources such as coal, iron, and petroleum.

If, out of this Congress, there can come a renewed awareness of the importance of institutions, a constructive sharing of experience in institutional development, and a determination to build the kind of institutions that will most surely and effectively build for abundance for all, then, indeed this Congress will have been a success.

Use of Abundance

A third roadblock along the road of progress toward plenty is the failure to make the most effective possible use of existing abundance -- abundance available and at hand -- to help to achieve greater abundance where scarcity still dominates. I refer to the abundance of technical knowledge as well as to the abundance of food.

We in the World Food Congress are challenged to a major effort to develop methods and consider plans and programs whereby the abundance of food that exists in part of the world can be used most effectively to promote the economic development that will create abundance for those where scarcity still dominates. In issuing this challenge I want to emphasize a clear recognition that the contribution of food as part of

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an assistance program is never a goal in itself. The goal of every developing nation is to be able to stand on its own feet. But food assistance can be a most powerful tool, a most effective instrument, in progress toward that goal. It is a tool that we have at hand, if we will only use it to best advantage.

Many of the developed nations, including the United States, can and do produce more food than can possibly be consumed by their own people. This productivity is increasing. As I stated earlier, projections indicate that if trends in 30 developed nations continue by the year 2000 they will be able to produce nearly twice the food that their populations can consume. Let us contrast this with projections for the developing nations.

Such projections cannot, of course, be made very specific, because of the tremendously wide variations in the developing countries, and because of the many differing and unpredictable factors that will influence rates of growth. However, it is possible to make certain generalizations on which most will agree.

The most optimistic picture for accelerated economic growth in the developing nations, in the aggregate, indicates that they can and will increase their own domestic food production. But the most optimistic predictions fail to give any assurance that, in the generation immediately ahead, they will be able to increase it fast enough to meet the increasing demand. This demand will be exceptionally high for several reasons.

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First, the rate of population increase in most of these nations is very high, and will perhaps go higher before it can be expected to tend to stabilize. Production will have to increase substantially in order to just keep up with population -- it will have to increase still faster if it is to meet real nutritional needs.

Second, as economic growth proceeds, real incomes will increase, and with each increase in income comes an increased demand for food. Unless enough food is available to meet the demands created by both increased numbers and higher incomes, the lack of food will become a significant factor limiting economic progress.

It is perhaps one of the most fortunate coincidences of history that at a time when the developing nations of the world are in a take-off stage in which more food is desperately needed if they are to take off successfully -- at that same period the developed nations are producing and can produce an abundance so great that it is sometimes embarrassing. It is up to us, from developed and developing countries alike, to take full advantage of this fortunate coincidence.

It will not be easy. We, in the United States, are eager to share with others in this conference the experience we have gained in the distribution of more than \$12 billion worth of food in our Food for Peace program during the past nine years. We have learned that it is not easy to give away food. We have learned that careful planning and close cooperation with receiving nations is essential

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in order to insure that the food is used to best advantage both to allay hunger and to promote local development. We have learned of the fears of other food exporting nations, and of our own commercial exporters, who are concerned lest food that is donated might diminish commercial demand. We have learned that however rigorously we avoid any such result it is still difficult to allay the fear. We have also learned how much depends on the capacity and ability of the receiving country to transport, store, distribute and use the food it receives to best advantage.

We are only beginning to learn how effectively food aid can be used to promote economic growth directly. It has long been used, and should continue to be used, to relieve hunger in emergencies, and to prevent inflation in countries going through a stage of development I described earlier. Its use in school lunch and child feeding programs is an investment in the health and vigor of the rising generation, and is in a very real sense a capital investment in human resources. But it is only recently that we have begun to develop ways that food can be used as a direct input for economic growth.

Food is being used with dramatic success as part payment for work on labor intensive programs -- irrigation, road building, the building of schools and other public facilities. It is being transformed into an investment that helps to build cooperatives

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and other forms of private enterprise. It is being used to help resettlement of farmers on new lands. It can be used to provide a high proportion of the capital investment required for the development of many programs essential for economic growth. Discussion, consultation and further experience can result in the improvement and extension of these methods of using available food as capital in improving agriculture and hastening economic development.

Let us, here at this Congress, determine to find new and better ways to use to greatest advantage this instrument of abundance that we have at hand. Let us determine to overcome the difficulties that lie in the way of its maximum use. This is a challenge to both the developing and the developed nations.

The highly productive nations are challenged to find better ways and develop better methods -- by national, multi-national and international means -- by which agricultural abundance can make its most constructive contribution to the goal of abundance for all.

The developing nations are challenged to learn how to handle and use food that they receive, as well as to produce more domestically. They are challenged to study and evaluate the techniques, methods and institutions that have proved effective in contributing to abundance productivity and economic growth, and to adapt all of these to the needs of their own people.

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Both are challenged to work together and coordinate their efforts toward that end.

There are other tools available to us which we must perfect and use more effectively. It is hardly necessary to emphasize to this Congress the importance of the sharing of knowledge and experience under technical assistance programs. People ranging from world renown scientists to young Peace Corps volunteers have done yeoman service in the campaign for Freedom from Hunger, through programs carried out by the United States and many other nations, and through international activities carried out by the FAO and other international bodies.

And, although it is not directly within the province of this World Food Congress, I believe it is in order for us all to bear in mind the importance, to the overall achievement of our goal, of the expansion of world commercial trade. Many of the food deficit nations depend on the export of a single exportable food commodity, such as coffee, and to them international arrangements that would regularize and stabilize trade in that commodity are crucially important. To all nations, developed and developing alike, expanding world trade brings abundance closer to reality.

I would like to conclude by repeating the challenge faced by this World Food Congress, a challenge to each one of us who participates in these deliberations, a challenge to win so complete a victory in our Freedom from Hunger Campaign that we can fix our goal on freedom for the

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higher levels of living that can characterize an age of abundance -- a challenge to use all abundance to create abundance for all.

I have suggested that we consider here several major road-blocks that stand in the way of advance toward our goal. I have urged that we give full recognition to the indispensable role of food and agriculture in economic development. I have tried to point out the importance of learning how to build social, political and economic institutions under which greatest progress can be made. And I have urged that we here and now determine to make full use of the abundance we have -- abundance of food and abundance of scientific and technical knowledge -- as effective instruments to create abundance for all.

The challenges are not easy ones, but they are supremely important. To meet them we face not only scientific and technological problems, but also the more formidable barriers that are social, political, and economic in their nature.

There are barriers of nationalism -- and other isms, barriers of prejudice, of outworn customs, of misunderstanding and lack of understanding. Most important, and intertwined with all of these, is the barrier of ignorance.

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I should like to emphasize that the barrier of ignorance applies not only to the illiterate, not only to those who have not yet learned how to make two blades of grass grow where one grew before, although this is serious enough. But the barrier of ignorance applies as well to the learned and the powerful -- to the statesmen of the world who have not yet learned how to put into effect elements of social engineering that will make it easier to extend the potential for plenty to all people.

The gap of ignorance that cries most urgently to be filled today is the gap between man's ability to create power, on the one hand, and, on the other, his lack of knowledge of how to control that power and direct it to the well-being of all men. For the same power that can destroy a city can light a million homes.

It is our challenge and our responsibility to close that gap.

Let us accept that challenge.

Let it never be said of this generation that we were able to orbit the earth with satellites, but that we were unable to put bread and rice into the hands of hungry children. Let it never be said that a generation that could literally reach for the stars was unable to reach for -- and grasp -- the potential for plenty, and progress, and peace that is at hand.

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THE CONSCIENCE OF OUR DEMOCRACY

Five years ago, almost to the day, I spoke here at another Recognition Day on the assigned subject of "Lawyers in Public Service". On that occasion I suggested that the rapid changes that characterize our world were imposing upon lawyers -- as citizens, as participants in public life, as molders of public opinion -- a greater responsibility than ever before.

Today I would like to focus that responsibility on one problem of current importance that falls particularly within the concern of the legal profession. The Supreme Court of the United States is under bitter attack. Its power of judicial review, a function essential to the functioning of our Federal form of government within its limited powers, is being threatened.

It is being threatened in many ways, and from widely different sources. Cries to "Impeach Earl Warren" are emblazoned on billboards along highways in certain parts of our country, and are heard in speeches made by adherents of the "radical right". Most recently, and perhaps most significantly, proposals to emasculate the Supreme Court have come from such an august body as the Council of State Governments.

The attacks that are today being directed at the Supreme Court are occasioned primarily by a series of recent, courageous decisions -- decisions to uphold the rights of individuals -- decisions to uphold the rights of minorities -- and, in Baker v. Carr, a decision to uphold the rights of under-represented majorities.

Address by Secretary of Agriculture Orville L. Freeman at University of Minnesota Law School recognition exercises, Northrup Memorial Auditorium, Minneapolis, June 14, 1963, 8 p.m. (CDT). (Mr. Freeman will receive an Outstanding Achievement Award conferred on distinguished alumni.)

These decisions have won acclaim as well as attack. Anthony Lewis of the New York Times, in analyzing them last summer, voiced the approbation of many when he said that the Supreme Court has become the keeper of the conscience of the American people. There is much to support this position. And today, as our Nation faces what President Kennedy has called a moral crisis, conscience is of supreme importance.

Times have changed! I must admit that some 25 years ago I was far from regarding the Supreme Court and its power of judicial review as an institution representing the conscience of our democracy. I was then studying about government, as an undergraduate here at the University of Minnesota. I not only observed, but lived through, the hardships of the depression of the Thirties. I was inspired by the hope that Franklin Roosevelt's New Deal measures promised to bring to a broken economy, and disgusted with the "nine old men" whose decisions were striking down measures that the people had overwhelmingly endorsed in the Roosevelt landslide of 1936.

It was the liberals -- in those days -- that attacked the Supreme Court. Older and wiser men were attacking it as "the last bulwark of the possessing classes". President Roosevelt proposed enlarging the court in order to secure decisions more in tune with the times, a method that had been used earlier in our history without serious damage to the Supreme Court as an institution. Professor Max Lerner, publicist and author, criticized the "divine right of judges" which he said had replaced the divine right of kings.

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Some 20 years later, Mr. Lerner was able to substantially modify his figure of speech. In 1957 he wrote of the Justices of the Supreme Court as guardians of the Constitution, as keepers of America's covenant, and, as such, "touched with divinity". He described judicial review as providing Americans with "a symbol of ultimate guardianship of their rights under law". On balance, by 1957 Lerner regarded the Supreme Court as a part of American democracy.

In the Thirties, liberals were critical of the Supreme Court because it was invalidating what they regarded as vitally needed legislation on economic matters. They regarded the Court as having gone beyond its proper function in using the Due Process Clause to nullify laws regulating hours, wages and other economic matters, thus exercising a legislative function that should be reserved for elected legislators.

The position of the Supreme Court has changed since then. The change began in March, 1937. It was clearly and unequivocally stated in the unanimous decision in *Ferguson v. Skrupa*, in April of this year, as follows:

"Under the system of government created by our Constitution, it is up to legislatures, not courts, to decide on the wisdom and utility of legislation. There was a time when the Due Process Clause was used by this Court to strike down laws which were thought unreasonable, that is, unwise or incompatible with some particular economic or social philosophy. In this manner the Due Process Clause was used, for example, to nullify laws prescribing maximum hours for work in bakeries...

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outlawing 'yellow dog' contracts...setting minimum wages for women...and fixing the weight of loaves of bread...

The doctrine that prevailed (in these and like cases) --

that due process authorizes courts to hold laws unconstitutional when they believe the legislature has acted

unwisely -- has long since been discarded. We have returned

to the original constitutional proposition that courts do

not substitute their social and economic beliefs for the

judgment of legislative bodies who are elected to pass

laws....We refuse to sit as a 'superlegislature to weigh

the wisdom of legislation' and we emphatically refuse to

go back to the time when courts used the Due Process

Clause to 'strike down State laws, regulatory of business

and industrial conditions, because they may be unwise,

improvident, or out of harmony with a particular school of

thought.' ... Whether the legislature takes for its text-

book Adam Smith, Herbert Spencer, Lord Keynes, or some

other is no concern of ours."

The judicial activism of the Thirties, which resulted, for a while, in the striking down of any kind of business regulation that did not conform to the economic philosophy of the members of the Court, has been shown by history and by the present position of the Supreme Court to have been mistaken. It was mistaken because it involved an interpretation of the substantive meaning of Due Process that was so fantastically broad as to be at variance with both technical reasoning and the needs of the times.

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However, the judicial activism of recent years in the field of civil rights is entirely consistent with the current position of the Court on economic matters. The prohibitions as expressed in the Constitution with regard to personal freedom and equal protection of the laws are clear and explicit.

When the now discredited "separate but equal" doctrine prevailed, it may have been what the judges then thought was "equal protection", but today it is clear that separateness is in itself unequal. When the Court said, more than nine years ago, that racial segregation in State public schools violates the equal protection clause, it was clearly in tune with the needs of our times.

I do not speak as an expert in constitutional law when I assert the consistency and the rightness of these two positions. Rather I speak as one who has gained some insight into the workings of our government from years of practical, rough-and-tumble experience in government, at both State and national levels.

From the standpoint of law, I am content to quote from Charles L. Black, Professor of Jurisprudence at Yale, who is an expert, when he says "there is no inconsistency whatever in taking the position, as many do, that the old Court was wrong in denying to Congress the power to regulate the economy in the public interest, and in taking at the same time the position that the Court would be right in broadly construing and vigorously enforcing prohibitions of the Bill of Rights with regard to personal freedom".

From the pragmatic point of view of political experience, I come to the same conclusion.

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From the standpoint of politics, history, and experience, I would say that judicial review as carried out by the Supreme Court, both with regard to the States and with regard to the acts of the political branches of the National Government, has proved its value as an integral and essential part of American democracy. It has involved mistakes. So has every other phase of our government. So has every other human institution.

But in the main -- in the long sweep of our history -- it has worked. It has worked to promote both progress and freedom -- to a degree that, with all its inadequacies, has been more effective than that provided by any other form of government operating over as large and diverse an area with as many complex problems and conflicting interests and traditions.

The more experience I have the more firm becomes my conviction of the wisdom of the Founding Fathers in setting up the constitutional framework for our democracy -- with its checks and balances, its separation of powers, and -- above all -- with the flexibility for change to meet changing needs in a rapidly changing world.

It is a framework tested by history. It is a framework within which, I am convinced, we can meet the pressing needs of today and the critically urgent needs of tomorrow. We can meet them, if we who operate within that framework are wise enough, far-sighted enough, and courageous enough to move positively with new methods to meet new challenges as we sustain old ideals that have proved their worth.

The institution of judicial review by the Supreme Court of the United States is not only an essential part, but the most unique and

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characteristic part, of our American governmental system. As Professor Black writes, it has been "a prime structural feature of the American government during the whole period of our performance of the great miracle that is our political history".

Yet it is, and must be, subject to criticism, as must all features of a democracy. Criticism, however, can be destructive and irresponsible, as well as constructive and responsible. I am appealing only for responsibility in such criticism.

I appeal for responsibility -- lest irresponsible criticism destroy a valuable institution rather than correct its errors -- lest we throw out the baby with the bath. Responsibility: -- lest constructive criticisms, and genuine differences of opinion with regard to the degree of judicial restraint that is wise in any particular instance, be confused with the position of those who would destroy the influence of the Court because they really do not believe in the civil rights the Court seeks to uphold.

The current attack on the Supreme Court is of serious importance. It no longer takes the simple form of the "recall of judges" as it did when Theodore Roosevelt said, in 1912, "I may not know much about law, but I do know how one can put the fear of God into judges." Nor is so much being said right now about whether the Congress should be given the right to reverse decisions of the Supreme Court, a question so prevalent just recently that it was the high school debate question in 1960.

A significant segment of today's attack is found in three proposals for constitutional amendments that were recommended by the Council of State

Governments in December of last year. Each of these amendments would be started on its way to adoption by means of an almost forgotten and never used provision of the Constitution, whereby the Congress must call a constitutional convention on the application of two thirds of the States. As the move is currently being carried out, the specific wording of the desired amendment is included in the resolution passed by State legislatures, and the Congress is therefore being requested to call a convention for the purpose of submitting that specific amendment for ratification by the States.

The Council of State Governments recommended the use of this procedure, looking toward the adoption of three proposed amendments, which were described by Chief Justice Warren, speaking at Duke University last April, as threats to "the stability of the United States Constitution" which, "if adopted ... would make profound changes in the judiciary".

One of these proposed amendments would set up a "Court of the Union" composed of all the Chief Justices of the 50 States, to meet on certain occasions for the purpose of reviewing the judgment of the Supreme Court of the United States.

Another would take away from the Federal Courts jurisdiction regarding the reapportionment of State legislatures, and thus reverse the doctrine that was established in *Baker v. Carr*.

The third, which is the one now being taken most seriously -- and which had, by the first of this month, been acted upon favorably by at least 10 State legislatures -- would change our method of amending the Constitution.

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It would add to the Constitution an amending procedure whereby two-thirds of the State legislatures could propose a constitutional amendment, then to be submitted for ratification by the States, without ever having been submitted to the Congress at all. The Constitution would thus be laid open to change by minority of the people of this nation!*

The serious implications of this proposal should be clear.

Representatives of a minority living in the less populous States would be given the affirmative power to impose its will via constitutional amendment. Doctrines established and rights upheld by the Court could be struck down by this means.

The structure of government that has worked so well could be altered and damaged critically. Far from being an instrument for strengthening the States, as its proponents claim, it would weaken them by irreparably weakening the Union of which they are a part. Yet in a few short months nearly one-third of the States needed to propose such an amendment had acted to memorialize Congress to that effect.

It is with regard to issues of this nature that lawyers, in a position of leadership in their communities and with specialized training that gives them competence, can perform invaluable service by making clear to the American people the nature of the problems involved and the consequences of the proposed solutions.

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*(It has been calculated that under such a situation it would be mathematically possible to amend the Constitution by the acts of legislators representing as few as 15 percent of the American people. Forty percent of the population of the United States lives in the 38 least populous States. Thirty-eight percent is the average of constituencies within those States that can control the State legislature.)

I should like to conclude by pointing out some of the social and political implications of the most serious of the several forces that throb under the surface of the present attacks on the Supreme Court. That is the force that still fears and resists the achievement of the American goal of equal opportunity for all regardless of race.

The Supreme Court has taken the lead in recent strides toward the achievement of that goal. Under our system of government it is quite understandable that it has done so. The clashes of interest and conflicting attitudes that characterize the Congress, with techniques of log-rolling and horse trading that seem to work surprisingly well in arriving at a reasonably constructive and not too inequitable balance among different economic groups, have not proved conducive to leadership in progress in human rights. It is because the Court has taken the lead in this field that many of the most serious attacks against the Court are launched today.

In this leadership, the Court has really been the conscience of our democracy. As with all conscience everywhere, it is important that it be free.

The time is come, indeed it is past, when the voice of this conscience must be heard and heeded, lest it die of neglect and come back to haunt us with violence.

The time has come when responsible leaders, in every field, and in all parts of the Nation, must take a positive stand, however difficult or politically hazardous such a stand may be, because if responsible leaders are silent, those who are irresponsible will take over.

This Administration, under President Kennedy, is seeking the help of the people of the United States -- of their private and voluntary organizations -- of their economic and religious institutions -- of lawyers, who because of their training and competence have a special responsibility in this field -- to move toward greater justice and equal opportunity. It seeks to attain that equality of opportunity by means of law and by lawful means -- and by combating prejudice in the minds of men.

I believe that the overwhelming majority of the American people, and of their responsible leaders, of all colors and creeds, will support our efforts to make a reality of the American ideal -- of the equal right of all men to life, liberty and the pursuit of happiness.

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U. S. Department of Agriculture
Office of the Secretary

I appreciate this opportunity to be part of the 41st annual convention of the Izaak Walton League. I have long been impressed by the broad interest your organization has taken in promoting conservation in communities all over America.

We have made much progress in conservation in the past 30 years. Through your organization, and many others both public and private, conservation has become a household word and a recognized public goal.

We can point to many tangible accomplishments....to the almost 3,000 soil and water conservation districts....to the 1.7 million farm ponds now built....to the 1.2 million miles of farm terraces....to the 5 million acres developed as cover for wildlife. These are but a few examples.

But I would rather talk about the job we have yet to do. It is big....even staggering in its dimension and its importance to all people. Conservation is a job that never gets done. I think I can best demonstrate this point by tracing the development of conservation in the public mind through three identifiable phases, each progressively more complex than the last.

Address by Secretary of Agriculture Orville L. Freeman before the 41st Annual Convention of the Izaak Walton League at the Sheraton-Gibson Hotel, Cincinnati, Ohio, June 14, 1963, 12:15 p.m., EST.

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In the 1930's, the big job was to halt the erosion of our land... to clear our streams and rivers of dirt and clean the air of our topsoil. Conservation then was described as wise use of our resources, but what it really meant was to protect our resources from being further despoiled by man.

In retrospect, after 30 years of some success, this task was relatively simple. People can see the effects of erosion on the land, and they know something is wrong. They can see rivers come boiling up at flood stage, and deposit silt in the Main Street and on the parlor floor. They can see the duststorms blotting out the sun and taste the gritty dirt between their teeth. They know that if they feel the wasteful effects of misusing soil and water resources, then wild animals...fish and game... must have suffered even more.

The public didn't need to be convinced of the value of conservation, they could feel it.

The only limit on progress in this phase of conservation is how much will the American people invest. We are going ahead with this investment, but we know the annual outlay of \$650 million from public and private sources is inadequate. We are not keeping up with farm planning needs in soil and water conservation districts and we are far behind in meeting the demand for watershed district planning and construction. We are proceeding faster today, but it sometimes appears as though we are barely keeping up. We know how to protect our resources from man's misuse...but many of us are not yet willing to make the investment in our future.

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The momentum of public support for this stage of conservation technology has carried well into the 1960's, and now overlaps a new dimension which is rapidly forcing its way into the public conscience. If the 1930's were characterized by technology to prevent misuse, then the early 1960's are characterized by technology to end the damage caused by chemicals and wastes we are adding to our environment.

The task at hand is not simple. It is reflected in growing public concern over pollution of water, air, and even the soil itself, by misuse of chemicals in agriculture, in industry, and in the households of the nation.

We are expanding our research into pest controls to develop safer means for combating harmful insects and plants. And we have had notable examples of success. Control of screwworm flies in the Southwest and use of various selective insect attractants point the way toward practical and safe pest control.

USDA researchers also are developing fat-based detergents which could replace the chemical-based detergents which do not break down under treatment to reduce pollution of our water supplies. Then the housewife will have superior washing compounds and also will be able to get a glass of water without a foaming head on it.

The answers to questions raised by man's contamination of his environment lie not only in careful, controlled use but increasingly in research to discover alternative materials and ways of using them. Science and technology can provide, I am confident, answers to these perplexing problems. But the price may be high and, once again, we will have to decide if we are willing to pay it.

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Thus, we have learned how to protect resources from despoiling by man, and we are learning to protect man himself in his environment. The third phase of conservation, and the one most difficult because it is the hardest to understand, is the development and use of our resources to serve the needs of all people. Conservation is something more than protection -- its real message is the use of land, water, air, wildlife and forest resources, for the fullest enjoyment of all our people.

Now, most of you who live in cities are aware of the "agricultural problem." Most, I suspect, think of it in terms of surpluses and subsidy. At least this is what you find most often in the popular press. But nothing could be more misleading. The agricultural problem is basically a conservation problem, a question of how we are to use soil and water resources to serve the needs of all people.

Today, our success in farm production is truly amazing -- one of the great success stories of mankind anytime, anywhere. Increasing efficiencies in farm production now permit one farm worker to feed himself and 27 other people. Increased efficiency in agriculture has supplied the basis for our growing industrial economy. The majority of Americans are freed from the need to produce food and are available to produce the thousands of other things that make up our high standard of living.

Americans today spend less than one-fifth of their take-home pay for food, truly an amazing tribute to the American farmer. However, in reaching this stage of agricultural development, we have discovered that we can over-satisfy our needs for some farm products while there are other unmet needs which only rural resources and rural people can fulfill.

Last year we harvested crops from only 288 million acres, the lowest acreage in crops since 1909, when statistics on this were first recorded. And during this time our population has almost doubled.

Of our total land area -- only about one acre in eight was in crops last year. Thus we have tremendous resources in land -- with which to meet the needs of the people. What are the needs? Well, for the foreseeable future we don't need more food -- actually we need to produce less of some commodities.

But there are growing needs of a different sort. Primary among these needs is the opportunity for outdoor recreation...for land and water to meet the rapidly expanding demand which increased leisure time... increased incomes...and better transportation have helped to create. We need, in a society of cliff dwellers and urban housing developments, room to walk...room to play...room to think in...and room to meditate.

This need is converging on us at a time when the crisis point has been reached in agricultural policy...in the decision as to how we intend to use land and water no longer needed to produce food and fiber.

If we drift along as we have since the end of World War II, we could emerge from the decade of the 1960's with an aging rural population, gradually deteriorating natural resources and vigorous and growing urban areas with no room --- with sharply inadequate outdoor recreation resources.

This is the great question facing conservation...and conservationists today. How are we to use these resources to serve people...in urban America and in rural America? In this decision, every American has a decided stake.

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A number of proposals are being made to solve the "agricultural problem" which are...basically...conservation programs. One of them would have the government rent land from the farmer in order to keep it from producing surpluses. Another proposal would make it public policy to pressure people to move from rural areas into the cities.

The first proposal has two fundamental weaknesses. It would be enormously expensive, and when the rental period expires the land would be once again available for cultivation. It would idle...not use...land. The idling of resources is no answer to a nation that needs to use those resources.

The second proposal assumes that the people in rural areas want to move away...that they will fare better and be happier in the city. Yet, many of those now on farms are 45 years of age, or older, and the prospects for gainful employment in the city are very dim. In my judgment any program to force the outmigration from rural America of such people by economic pressure is economically wasteful as well as harsh and cruel.

These proposals then come down to idle land, idle people, idle resources...and further economic decline of the rural community. And there is no recognition of the needs of city and urban dwellers for productive use of land and water through recreation development. They are defeatist programs which only can drag rural America down further.

There is a third way, one which the Kennedy Administration is developing to constructively use the resources of soil and water to begin a new era in conservation technology...to protect resources in ways that serve people.

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We call it Rural Areas Development, and it is an effort -- based on the desire of the rural community to progress -- to do three things:

*Find the answer to overproduction through converting cropland to new uses to produce better incomes for people on the land by filling the unmet needs of people in the cities and urban areas.

*Encourage a new alignment of the resources of land and water and people in rural America to expand the rural economy.

*Infuse new capital into rural America.

RAD encompasses most of the activities carried out through soil and water conservation work for many years by the USDA, but it also includes several new conservation tools provided by the Congress in the Food and Agricultural Act of 1962. Let me list the new ones very briefly:

*The Act authorizes a number of programs to assist farmers and rural groups in developing recreation, wildlife habitat, grazing, forests, water storage or other new uses on land now producing crops or hay, or land currently in federal diversion programs. These include farm recreation loans -- 20 of which have been made thus far on a pilot basis; a cropland conversion program now being operated with pilot projects in 237 counties -- 196 of which are designed for recreation development; and, an expanded small watershed program to encourage recreation development and to provide for future municipal and industrial water uses in the planning of the watershed.

All of these new land use programs seek to provide the farmer with a better source of income, to encourage rural communities to make better use of land and water resources and to expand the opportunities for

outdoor recreation for city people. They apply to private land the very successful principle of multiple use by which we administer the nation's forests.

*The 1962 act also provided authority to initiate what we call Resource Conservation and Development projects. They will enable farmers, city people, rural communities and private organizations to work together to improve land use patterns and to develop the natural resources of rural areas.

These projects will provide an exceptional opportunity for city and urban people living within easy reach of a C&D project to join with local people to create new recreational outlets. As members of a sportsmen's club, a church, a youth group or a neighborhood association, they can work with rural organizations, such as soil conservation districts, to help finance recreational facilities of many different kinds. In this way farmers could develop additional uses and incomes from their lands, and urban residents would have an outdoor recreation area reserved specifically for their use.

*The RAD legislation also authorizes rural renewal projects designed to attack the entrenched poverty now found in many rural areas.

We envisage these projects will cover areas large enough to meet deep-seated economic problems, rather than nibble ineffectively on the fringes. Through rural renewal, we propose to work with legally constituted local bodies to make the land more productive, to construct water and sanitation facilities, to encourage the development of new industries and to stimulate the building of both private and public outdoor recreation

facilities. This is a bold program similar in its intent to the urban renewal projects which are helping our cities to renovate and rebuild their core areas.

In addition to these specific programs enacted last year, the overall RAD program involves industrial loans through the Area Redevelopment Administration and through the Rural Electrification Administration; community facility loans and grants through ARA and, to a limited extent, through the Farmers Home Administration; rural housing loans, including a special program for financing housing construction for persons over 65; job training programs which provide rural people with the opportunity to learn new skills which can be used in the new plants being constructed as part of the RAD program.

These programs complement the on-going programs being carried out by the other agencies of the Department -- Soil Conservation Service, Farmers Home Administration, Forest Service, the Federal Extension Service, the Farmer Cooperative Service, the Rural Electrification Administration -- which are dedicated to building rural resources.

The one essential characteristic of RAD is that while it provides technical and financial assistance...the initiative for action must come from local groups...from the people who may benefit through better economic opportunity or through improved services, including recreation.

An organization such as the Izaak Walton League with its strong local orientation can do much through RAD to further its own conservation programs...and to create the outdoor recreation opportunities which its members and their families seek and enjoy.

Local chapters can develop in cooperation with a farmer, or a group of farmers, or a soil conservation or watershed district, such things as hunting preserves, wildlife habitat, hiking trails, picnicking and camping areas, swimming and fishing areas and a host of other outdoor recreation facilities.

Let me, in urging your support and participation in this program, make one important point. There is rising in the nation today an attitude that portrays the Federal Government as an intruder...an outsider.

Yet, in the 1930's when floods along the Ohio made no distinction between communities or State boundaries...or when Kansas dust hung over New York...there was no question but that these disasters were national problems demanding the mobilization of the resources of a nation. And today, when pollution of a single river threatens the common water supply of hundreds of communities, there is no question but that this also is a national problem.

The outdoor recreation needs of an increasingly urban, highly mobile people -- needs which can be met only outside their local community -- are no different. This means that the programs to develop outdoor recreation are, in fact, an expression of the desire of people of 50 States joining together in a national effort to seek progress in every State.

Thus, as the demand grows for outdoor recreation...and it is rising to the flood stage now...we have the opportunity through RAD to use soil and water resources to satisfy this new appetite. And it will employ the same resources no longer needed to produce food.

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Most of these resources are in private hands, and most hunting and fishing is presently on private land. As the need grows for additional hunting and fishing grounds -- and other outdoor areas -- those demands will have to be met for the most part on land that is owned and operated by farmers.

Public land just cannot do the job -- despite multiple use management. Neither the geographic distribution nor the characteristics of public land give it the flexibility to satisfy all of the recreational needs of the public. So the land owner really becomes the key in the development of recreation facilities for the future.

Farmers and ranchers have done more for wildlife in the past 30 years than had ever been done before on the private lands of any country. These activities have increased supplies of some game and fish -- to the point where they are more plentiful today than when white men first set foot on this Continent.

But we are reaching the point where the farmer, in making his decision on land utilization, should be able to make wildlife as profitable a crop as any farm commodity...and sportsmen should recognize that if wildlife propagation is to be encouraged, it must be worth the price.

We cannot expect farmers and ranchers to invest time, money, and resources in game and fish production other than for their own enjoyment -- unless they have some means to recover their investment. Government technical and cost-sharing aids have helped a great deal in this respect, but these are not enough to cover the full costs.

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Let me read to you a statement made many years ago by a famous game management authority:

"We recommend that we recognize the landowner as the custodian of public game, protect him from the irresponsible shooter, and compensate him for putting his land in productive condition. Compensate him either publicly or privately, with either cash, service, or protection, for the use of his land and for his labor, on condition that he preserves the game seed and otherwise safeguards the public interest.

"In short, make game management a partnership enterprise to which the landholder, the sportsmen, and the public each contributes appropriate services and from which each derives appropriate rewards."

That quotation is from a speech made by the father of game management in this country...Dr. Aldo Leopold. The occasion was the 17th American Game Conference in New York City in March, 1930. Those recommendations -- made 33 years ago -- might well provide, in 1963, a formula for the future.

Farmers are, and must become even more so, the guardians of our soil, water, timber and wildlife resources. We must find ways to pay them not only for the food they produce -- but for other services that we, the public, extract from these resources.

We are succeeding extremely well in taking the food we need -- through the efficiencies of agriculture and the marketing system. We must now open the way for the constructive use of resources not needed for food -- so that they may help to meet the broader needs of the rural and urban community.

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It is up to us to decide -- you and me -- the kind of country we want America to be. It is possible to preserve and develop for all of us the American heritage of rich resources and open spaces -- provided we decide now that that's what we want. The land resources are presently great -- yet in many instances, especially around cities, the pattern is being cast. To commit land to open green spaces -- for the benefit of nature-starved city dwellers -- calls for quick action before the concrete closes in. Let us vote for grass and water, not concrete and asphalt.

I urge each of you to ~~take~~ take a new look at opportunities in your own community. I suggest specifically, that you investigate the services now beginning to become available under the Rural Areas Development program.

The choice is ours. We can have productive land, clear streams, plentiful wildlife, ample water. We can make this a prosperous and beautiful and spacious America. I urge as our goal that we practice conservation as the art and science of using resources to serve all people.

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WORLD FOOD CONGRESS

Closing remarks by Orville L. Freeman, Chairman, World Food Congress, and United States Secretary of Agriculture, at twelfth and final plenary meeting of the Congress, June 18, 1963, Washington, D.C.

This World Food Congress has been a challenging, inspiring experience. For more than two weeks we have been considering how to meet one of mankind's most fundamental needs, and how to work together toward that end. For the first time in history men and women from 104 different nations have discussed ways and means by which to meet the goal of Freedom from Hunger, a goal of supreme importance to all people everywhere.

President Kennedy, in his welcome to the Congress, gave a measure of the significance of these meetings when he said:

"There are many struggles, many battles, that the human race now faces. There is no battle on earth or in space which is more important than the battle which you have undertaken, nor is there any struggle, large as this may be, that offers such an immediate promise of success. No Congress that Washington has seen in recent years is, I believe, more important than this."

I sincerely hope and confidently believe that this Congress can measure up to that appraisal. Let me share with you my reasons for that hope and confidence.

This Congress has just affirmed, by acclamation, its united adherence to a Declaration for Freedom from Hunger that incorporates principles and goals of universal appeal.

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These principles are important because of their inherent truth.

They are equally important because they were formulated -- not by a single eloquent authority who handed them down from on high -- but as a result of the meeting of the minds of many people from many nations, all of whom had given serious thought and heartfelt consideration to the best means by which to reach a supremely important goal.

They are important because they represent a consensus of over-riding importance, a common goal upon which we can all unite regardless of differences in wealth or in race, in tradition or custom, in stages of economic or political development. Where freedom from hunger is concerned, our differences are overshadowed and blurred by our common interest -- our common humanity.

This Declaration for Freedom from Hunger is, then, important not only because of what it contains but because of the nature of the gathering out of which it grew.

This World Food Congress has been truly a people-to-people conference. High government officials, world renowned philosophers and scientists, religious leaders and educators have participated side by side with representatives of industry, with leaders of farm organizations and of labor unions, with volunteer citizen groups, with those who themselves till the soil and cultivate the land.

It is this rank and file participation that gives reality to the people-to-people concept -- that gives deep and lasting meaning to the pronouncements we make here. The words we say are more than slogans framed by someone on top -- rather, they reflect the hopes and aspirations of the people of the world.

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True, it can be said -- in fact, you and I know that it has been said -- that what we say here, the declarations we make here, are unofficial. True, it can be said, and has been said, that hungry people cannot eat words.

Let me reply to these comments in what I believe to be the spirit of this World Food Congress.

Of course our pronouncements here are unofficial, in the sense that they are not made by any officially delegated or governmental body. They are neither signed nor sealed. The declaration we made here is not -- as such -- binding on any individual, or on any government, in this world. It cannot be enforced by any policeman -- or by any court.

The sanctions that will enforce the declaration of principles that we have acclaimed today lie within the conscience of mankind. They lie within the conscience of each individual participant in this Congress. They can be aroused within the conscience of every man who can be brought to understand the nature of the problem and the hope for its solution.

The principles we enunciate and the goals we seek are valid, therefore, not because of who said them but because of what they say. They will command observance because of their inherent worth -- because they reflect the needs of humanity and a vision of the future that is potentially ours.

True -- one cannot eat words and declarations. But it is also true that "the pen is mightier than the sword", and that "where there is no vision the people perish." Words and ideas -- and only words and ideas -- can create the vision that will inspire the action that is essential to achieve Freedom from Hunger.

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And so I would like to repeat what I said two weeks ago at the opening of this Congress.

"Its success will be measured, most significantly, by the extent to which each individual participant -- inspired and informed by his experience here -- is encouraged and stimulated to take positive action, after the Congress is over, each in his own nation, and within his own sphere of influence, toward plans and programs that will advance the goals we seek."

Here in the United States we intend to take such action, to evaluate what took place here in the World Food Congress, to review the reports and recommendations, and to consider what might appropriately be done in both public and private sectors to advance more rapidly toward the goal of freedom from hunger. We hope that similar action will be taken all over the world.

This action will not be easy. As I said two weeks ago, we will have to overcome social, political and economic barriers -- barriers of prejudice, of outworn customs, of misunderstanding and lack of understanding, and most important of all, the barrier of ignorance. We will have to learn from what we have heard here, and from further study and experience, how to put into effect elements of social engineering that will make it possible for us to use all abundance to create abundance for all.

No, this action will not be easy, but it is supremely worth while. It is action in which each one of us has a role to play, a responsibility to meet.

Let us therefore accept the challenge and act vigorously to meet that responsibility. Let us highly resolve:

- to mobilize every resource at our command,
- to awaken world opinion and to stimulate all appropriate action in both public and private sectors, at all levels -- national, multi-national and international,
- to accept the challenge of eliminating hunger and malnutrition as a primary task of this generation, thus creating for all mankind a sound basis for progress and peace.

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(3) Statement by Secretary of Agriculture Orville L. Freeman
at Press Conference, June 26, 1963 - 11:00 a.m.

Preliminary field reports on the pilot Cropland Conversion program indicate that the projects are proving to be outstanding successes.

This program is a basic part of the Administration's effort to encourage profitable alternative uses for cropland resources which now are producing surpluses we cannot effectively use. It provides 5-to 10-year agreements which farmers can make to convert cropland to grass, forests, recreation or wildlife development. An adjustment payment is made on land suitable for continuous cropping to encourage participation and to help meet the costs of establishing the new noncrop use. No adjustment payment is made for land not suitable for continuous cropping. Cost sharing also is available for practices needed to help establish the new use on all land in the program.

This year, under the pilot program approved in 1962 by the Congress, we will have nearly 2,800 agreements covering 140,000 acres of cropland. There will be additional conversion of cropland through 200 recreation project agreements, although the exact figures are not available.

Overall, we estimate the cost of the pilot program will be about \$8 million, or \$5 to \$7 per acre per year, for the period of the agreement.

Farmers and residents of rural communities have had one general reaction to the pilot Cropland Conversion program. They like it because it encourages new uses for cropland, and it encourages people to stay on

the land in new and productive enterprises. It maintains the purchasing power of the rural community where other cropland programs tend to reduce the number of people and the level of economic activity.

The Cropland Conversion program does not retire whole farms but encourages profitable alternative uses for cropland. Thus, 83 percent of the agreements cover only part of the eligible cropland on the participating farms.

These agreements require that customary acreages of soil conserving uses be maintained on non-converted land within the farms. Thus, crop acreage cannot be expanded on non-converted lands to negate the effect of the program.

The major departure of the Cropland Conversion program from previous programs is that it provides, instead of idle acres, new uses for land. Idle land is a nuisance in a farming community -- a source of weed and insect infestation and often a fire hazard.

The Cropland Conversion program, in the minds of the rural community, is associated with people having an opportunity to stay on the land in the community. Idle land is associated with people leaving, with declining business in small towns.

The Cropland Conversion program is less expensive because the costs are merely to induce and help finance new uses, rather than to replace income from the land. It will result in permanent shifts in use rather than a period of temporary idleness after which the land returns to producing more surpluses.

These are some of the conclusions based on reports of the county committeemen and field personnel who are developing the pilot programs in the 41 test counties.

There was only one serious problem. Because of financial limitations, all farmers who wanted to participate were unable to do so. In the test areas, over 4,000 farmers indicated a desire to participate, and there were only funds for 3,000.

These results indicate the Cropland Conversion approach has received the support of those who it most directly affects, and that it is a long-range approach which can help rather than hurt, the rural community.

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OFFICE OF THE SECRETARY

Statement by Secretary of Agriculture Orville L. Freeman
at Press Conference, June 26, 1963 - 11:00 a.m.

A number of questions have been raised in the press and by farm commentators as to the position of the Secretary of Agriculture on new wheat legislation.

The first question to be resolved is: What do farmers want? In this case, there are very real doubts as to whether any consensus actually exists. The referendum not only failed of a two-thirds vote, but fell short of a majority. Most of the big wheat states voted short of the necessary two-thirds.

Based on my mail and the discussions I've had with wheat farmers and with farm organizational leaders, I see little evidence that the wheat farmers desire a new wheat program. Editorial opinion within the wheat areas is sharply divided. Polls made since the referendum indicate a similar division among farmers.

These feelings are reflected in the current attitude of the Congress. We are in constant contact with the Congress, and it is my judgment, based on their comments, that it would be impossible to pass any kind of wheat legislation. City Congressmen, in particular, have made it sharply clear to me that they are not about to vote for wheat legislation -- and we live today with the fact that over 300 Congressional districts are now considered to be predominantly urban.

Obviously, wheat legislation cannot be passed without strong Congressional support. Every farm bill has had hard going. In the last two sessions, the vote on the feed grain legislation has always been close, despite the acknowledged success of that program.

We are now and will continue to listen carefully as to whether there is a desire among wheat farmers for new legislation.

As to the nature of possible legislation, you will recall that the President in a press conference on the day following the referendum said that "Any plan that offered us a hope of reducing the surpluses, of maintaining the farmer's income, and was not excessive in cost, we will certainly listen to." The President said further he thought "it would be difficult to get a bill by the Congress. As you recall the bill which led to the referendum was very close. There is no indication that there is a consensus on agricultural matters in the Congress between the House and the Senate."

In view of all these factors, the Department will continue to apply the standards it has consistently followed in farm legislation: As the President indicated, we seek to strengthen farm income, cut surpluses and reduce excessive costs. These standards are valid. Legislation will be measured by them. As the President said, we will certainly listen to any plan meeting these requirements. And, when and if we do hear from the farmer, we will listen very carefully.

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OFFICE OF THE SECRETARY

Statement by Secretary of Agriculture Orville L. Freeman
at Press Conference, June 26, 1963 - 11:00 a.m.

Since the wheat referendum, the Department has been studying various courses of administrative action under present law which will help strengthen the income of wheat farmers while further reducing grain surpluses and the costs they place on the taxpayer. Three general courses of action have been receiving major attention.

The first of these would be to operate a feed grain program similar to the 1963 feed grain program concurrently with the wheat program under the NO vote. This would involve the diversion of an estimated 24 million feed grain acres and would continue the draw down in feed grain stocks. The resulting firmness in the feed grain market would in turn provide support for wheat as a part of the total feed grain economy. As wheat came into competition with corn as a feed grain, wheat prices would tend to find support in the market place at or above the corn price support level.

In this regard, passage of the two-year feed grain program in early May takes on greater significance than a measure to improve feed grain income alone. It offers to all grain producers additional income protection which otherwise would not be available today.

The second course of action would be to provide somewhat higher diversion payment rates under the feed grain program and to require feed grain farmers with wheat acreage allotments to stay within the wheat allotments to be eligible to participate in the feed grain program. This would result in a larger diversion of feed grain acres and also substantially reduce wheat acreage. Total grain

stocks would be drawn down even further, and income in the grain sector of the farm economy would be some \$200 million above that under the first alternative. Even wheat farmers with no feed grain base would be benefited by somewhat higher market prices for wheat.

The third alternative would be similar to the second, with the added feature that farmers cooperating in the feed grain program would be allowed to substitute wheat on feed grain acres or feed grain on wheat acres. Diversion of feed grain acres in excess of the minimum might be required as a condition upon exercising the privilege of substitution. This alternative would maintain producer income at about the same level as the second. However, it would have the very substantial advantage of providing flexibility for individual producers to allow them to select the planting pattern best suited to their particular needs. It is estimated that this program might result in the diversion of 28 million feed grain acres and achieve a total reduction of grain stocks of 10 to 11 million tons. While it presents rather serious administrative problems because of its relative complexity, its advantages are great enough to justify most serious consideration.

We are confident that a program can be administered under the feed grain law which will help to maintain income of wheat farmers and continue the reduction in surplus grain stocks, with resulting savings in Government costs.

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UNITED STATES DEPARTMENT OF AGRICULTURE

For Release at 3 p.m. Saturday, July 13

Washington, July 12, 1963

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Secretary Freeman Departs for Soviet and East European Study Tour:

Secretary of Agriculture Orville L. Freeman departed at 3:05 p.m. today, National Airlines, Flight 810, National Airport, for a month-long study tour of agricultural areas in the Soviet Union, Poland, Rumania, Bulgaria, and Yugoslavia. In his official party were six United States Department of Agriculture scientists and economists and two staff members who will investigate farming problems and achievements of interest to American farmers, researchers, and businessmen.

Mrs. Freeman accompanied the Secretary as a fare-paying passenger. She is not an official member of the USDA group, but nonetheless will contribute to its objectives by focusing her attention upon women's activities on farms and elsewhere.

The party will land in Moscow tomorrow (Sunday), and will travel by Russian commercial airplanes during two weeks in the Soviet Union under the official US-USSR exchange program. Since the first people-to-people exchange was inaugurated in 1958, 15 groups of U. S. agricultural leaders have traveled to the Soviet Union, and 19 Russian groups have visited this country. Last October, the Soviet Minister of Agriculture headed a group of top Russian farm policy makers who studied recent developments in the U. S. agricultural economy.

The final leg of the Secretary's trip will take the USDA group through the four East European countries -- Poland, Rumania, Bulgaria and Yugoslavia.

Attached is the Secretary's departure statement.

The first part of the book is devoted to the early history of the United States, from the discovery of the continent to the establishment of the first colonies.

The second part of the book is devoted to the history of the United States from the establishment of the first colonies to the present time.

The third part of the book is devoted to the history of the United States from the present time to the future.

The fourth part of the book is devoted to the history of the United States from the future to the present time.

The fifth part of the book is devoted to the history of the United States from the present time to the future.

The sixth part of the book is devoted to the history of the United States from the future to the present time.

The seventh part of the book is devoted to the history of the United States from the present time to the future.

The eighth part of the book is devoted to the history of the United States from the future to the present time.

The ninth part of the book is devoted to the history of the United States from the present time to the future.

The tenth part of the book is devoted to the history of the United States from the future to the present time.

The eleventh part of the book is devoted to the history of the United States from the present time to the future.

The twelfth part of the book is devoted to the history of the United States from the future to the present time.

Departure Statement

We leave today for a month-long study tour of agriculture in the Soviet Union and in Poland, Rumania, Bulgaria and Yugoslavia. We know something of the agriculture of Russia, but very little about agriculture in the other four nations.

President Kennedy said recently that the winds of change are blowing in Eastern Europe...and it is especially true in the agricultural policies and programs of these countries.

In a world where the major problem of most people is to get enough food to eat, it is essential that we be apprised of the progress -- and the changes which may add to or detract from that progress -- in the agricultural programs of the Eastern European nations.

It is important that the American farmer and the American food industry have a close, up-to-date awareness of developments in agriculture in all areas of the world -- and especially so in Eastern Europe. In this regard, the economists in our working party wish to make estimates of the increased capital investment necessary to make Eastern European agriculture more productive, and therefore more competitive in world markets. We know, for example, that any substantial expansion in markets for farm products must come through world trade since our domestic markets generally expand only as rapidly as our population grows. Our agricultural trade and aid programs can be affected by farm developments in these Eastern European countries.

In order to facilitate agricultural trade around the world -- and to acquire useful information which can help American farmers -- we maintain the world's best system of gathering agricultural information. We believe this trip will help augment our current information about an important area, and we are hopeful that it will further expand the gathering of useful scientific information.



Few people realize that many of the food commodities now produced in the United States are native to Eastern Europe. Thus, it is likely that natural enemies of pests which attack these crops are present in these areas. We currently are making intensive studies of biological and other less hazardous means of controlling insect and plant pests, and we should seek to add to this search the biological information from all areas of the world. Our scientists would like to remove the present barriers to biological exploration of these areas to discover additional wild plants, germ plasms, pest and weed destroying insects and disease resistant crops that might be imported into this country for further study and experimentation.

By keeping open the channels of communication and contact at all levels, we at least assure ourselves of peaceful progress in many ways and prepare ourselves for potential economic competition as well.

For 3 P.M. Release Saturday, July 13

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3 Secretary of Agriculture Orville L. Freeman
1 Landing Statement - U.S.S.R. (Moscow) - July 14, 1963

JUL 30 1963

4/14/1963 It is a great pleasure to be in Moscow. This is my first trip to the Soviet Union. I look forward to meeting the Russian people and to seeing as much as possible of your country during the short period I will be here.

This is in the nature of a return visit.

Last year the United States was host to the USSR Minister of Agriculture and other Soviet farm officials, who traveled through our nation, observing U.S. agriculture at close range. They visited our agricultural colleges, research centers -- even an agricultural fair. They looked over dozens of farms and talked freely with hundreds of U.S. agricultural leaders, teachers, technicians, and farmers. I was privileged to welcome them to my own home.

Our American group is looking forward to seeing, by way of exchange, a good cross-section of your agriculture -- and of the research and education that relate to it. We want to see representative farming operations on both state and collective farms in as many areas as possible, and we are also interested in the processing and distribution of food. We would like to talk with farm workers and their families as well as with your officials.

As Secretary of Agriculture in the U.S. Government I am keenly aware of the fact that agricultural problems in one nation are not isolated and apart, but can only be solved in relation to the rest of the economy and the rest of the world. I have also learned that in most of the countries of the world, agriculture suffers from one problem that is the same as one faced by American farmers -- and that is far too little recognition of the importance of agriculture. Agriculture is, in fact, of basic importance in promoting economic growth and building a high standard of living.

There is one other important thing about agriculture that should not be overlooked. Because it produces basic necessities of life -- essential to all

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people everywhere -- its success is essential to a peaceful world. And today, science and technology have progressed so far that -- if properly applied -- we can produce enough food for every man, woman and child on earth.

From the dawn of history, families, tribes and then nations have fought each other to get enough food for themselves, at the expense of their neighbors. But this need no longer happen.

When there is enough for all, men and peoples and nations need no longer go to war in an attempt to assure themselves an adequate supply of food.

Those of us who are concerned with agriculture are therefore concerned with the conquest of hunger and malnutrition wherever it may exist. The United States is sharing its abundance of food as well as its technology in the production of food with developing nations in Asia, Africa and Latin America. We believe that the battle against hunger will be won, through the cooperation of many peoples and many nations.

Such cooperation can be the result of greater understanding, and such increased understanding can, in turn, result from visits between neighbors.

The Soviet Union and the United States are, in fact, actual neighbors. Only a narrow strip of water separates your Siberia and our Alaska. In a broader sense, however, our countries are neighbors within a world-wide community of nations. And it is a community that is getting smaller and smaller as man's genius pushes outward the frontiers of communication and transportation. A world that once seemed vast can now be circled by cosmonauts -- and, as your country proved recently, by cosmonettes -- in about an hour and a half.

We believe that, in a world where neighbors are this close, it is important to learn how to put bread in the hands of hungry children, as well as how to put satellites in the sky. We believe that greater understanding among nations will bring us closer to this goal.

We look forward to this visit as an opportunity to build such understanding

Secretary of Agriculture Orville L. Freeman
Landing Statement - Warsaw, Poland
July 31, 1963

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JUL 30 1963

2.3
7 We are very happy to be in Poland.

C & R-ASF

31, 1963
Poland occupies a special place in American hearts. Two great Poles -- Kosciuszko and Pulaski -- fought brilliantly on the American side in our War of Independence. In 1916, President Woodrow Wilson was one of the first to support, as a post-World War I objective, a free and united Poland. Your country and mine fought on the same side in World War II -- and I want to take this occasion to pay respect to the Polish heroes and heroines who fought and died so bravely in that conflict, here in Warsaw and elsewhere. Some 5 million people of Polish descent live in the United States, strengthening still further the ties already binding our countries.

Our group is looking forward with great pleasure to discussions with your agricultural leaders -- discussions that will cover the full spectrum of agriculture. We also are eager to see your farms, your marketing facilities, and your stores.

The United States, under its family farm system, has been able to produce an abundance of farm products, enough to spare and to share with many nations including Poland. We have also shared the scientific and technological knowledge that makes this productivity possible.

It is increasingly evident to me that there is a vitally close relationship between agriculture and peace. Only agriculture can relieve the hunger that presses heavily on a third of the world's people. And if that hunger can be eliminated, also eliminated will be one of the major problems endangering peace. All countries can join wholeheartedly in the fight against hunger -- the common enemy.

We are looking forward to this short visit in Poland, hoping to build greater understanding between the people of your country and of the United States.

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3 Secretary of Agriculture Orville L. Freeman
7 Landing Statement - Bucharest, Rumania
August 3, 1963

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I am happy to be in Rumania for the first time. ^{C & B-ASE} As our American party nears the end of a study tour of five of the major agricultural countries of Eastern Europe, we are pleased to stop here to see your country for ourselves.

I recall with pleasure that just about two years ago several of your officials -- some of them from Rumania's Higher Council of Agriculture -- visited me in Washington during a privately-sponsored tour of our country. I hope to renew acquaintance with them.

During our brief stay, we want to see your farms, to talk with your farm people, and to learn what we can about food and agriculture in its broadest aspects. We believe that agriculture is important to all nations, and that successful agriculture is a basis for both industrial growth and higher standards of living.

As Secretary of Agriculture in the United States Government I am keenly aware of the fact that agricultural problems in one nation are not isolated and apart, but can only be solved in relation to the rest of the economy and the rest of the world. I have also learned that in most of the countries of the world, agriculture suffers from one problem that is the same as one faced by American farmers -- and that is far too little recognition of the importance of agriculture. Agriculture is, in fact, of basic importance in promoting economic growth and building a high standard of living.

There is one other important thing about agriculture that should not be overlooked. Because it produces basic necessities of life -- essential to all people everywhere -- its success is essential to a peaceful

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world. And today, science and technology have progressed so far that -- if properly applied -- we can produce enough food for every man, woman and child on earth.

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Such cooperation can be the result of greater understanding, and such increased understanding can, in turn, result from visits between neighbors.

Today, all countries are neighbors within a world-wide community of nations. And it is a community that is getting smaller and smaller as man's genius pushes outward the frontiers of communication and transportation. A world that once seemed vast can now be circled by cosmonauts -- and even by cosmonettes -- in about an hour and a half.

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Secretary of Agriculture Orville L. Freeman
Landing Statement - Sofia, Bulgaria
August 5, 1963

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JUL 30 1963

5, 1963
I am pleased indeed to visit Bulgaria for the first time. I have looked forward to stopping here ever since President Kennedy appointed my longtime friend and associate, Eugenie Anderson, to head the United States Legation in Sofia about a year ago.

Mrs. Anderson is from my home State of Minnesota. As a boy, I worked on a family farm only a few miles from her home town. Later, when I was Governor of the State, she was the very effective Chairman of our Commission on Fair Employment Practices -- a State Commission devoted to insuring that every jobholder or job seeker was treated without discrimination because of race, creed, or color.

She stopped in Washington a few weeks ago on her way back to Minnesota. At that time, she urged me to visit Bulgaria -- and here I am. It was easy for her to convince me that I ought to come. Some of my good friends in Minnesota are of Bulgarian descent. They are rightly proud of their ancestry.

Mrs. Anderson and I both are advocates of the family farming system which has proved to be so useful and rewarding in helping to develop the economy of the United States. Agriculture is the base on which we have built industrial growth and a high standard of living.

As Secretary of Agriculture in the United States Government I am keenly aware of the fact that agricultural problems in one nation are not isolated and apart, but can only be solved in relation to the rest of the economy and the rest of the world. I have also learned that in most of the countries of the world, agriculture suffers from one problem that is the same as one faced by American farmers -- and that is far too little recognition of the importance of agriculture. Agriculture is, in fact, of basic importance in promoting economic growth and building a high standard of living.

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We look forward to this visit as an opportunity to build such understanding

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Secretary of Agriculture Orville L. Freeman
Landing Statement - Belgrade, Yugoslavia
August 8, 1963

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C & R-ASF

It is indeed a pleasure to be in your beautiful country of Yugoslavia.

We look forward to learning about your agriculture, and about the educational, scientific and experimental activities that relate to agriculture.

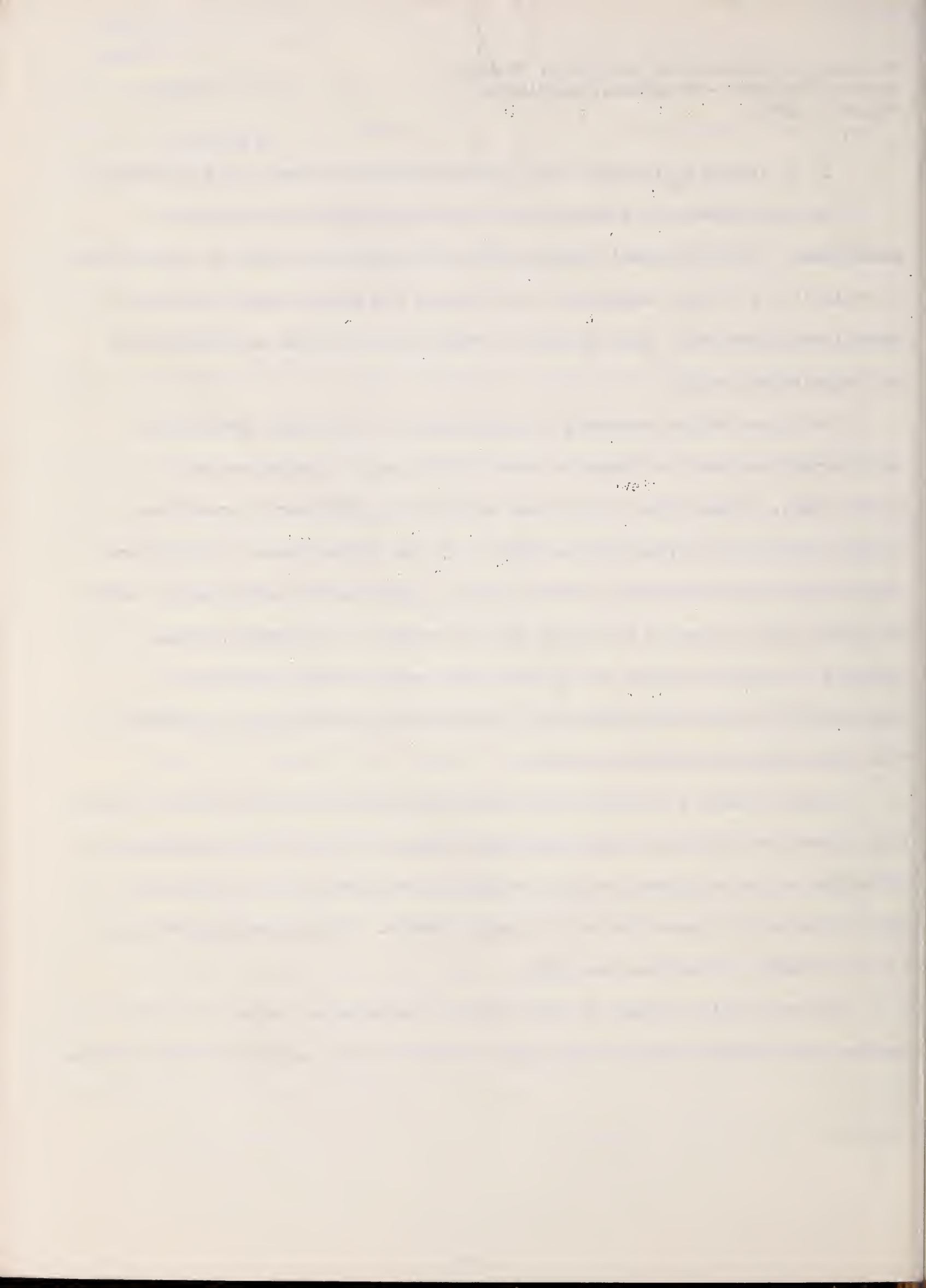
We would like to become acquainted with the way you process and distribute agricultural products. Most of all, we would like to become acquainted with the Yugoslavian people.

As United States Secretary of Agriculture, I know that agriculture and its problems must be viewed in terms of the entire economy and the entire world. Agriculture is the base on which both industrial growth and higher standards of living must be built. In the United States, agricultural progress has led other sectors of the economy in productive efficiency. Under our family farm system we have been able to produce an abundance of farm products -- enough to spare and to share with many nations, including Yugoslavia. We have also shared the scientific and technological knowledge that makes this productivity possible.

There is also a vitally close relationship between agriculture and peace. Only farmers can eliminate the hunger that plagues a third of the human race. If hunger can be vanquished, with it will go a principal source of tensions which endanger the peace that we so greatly desire. This fight against hunger is one in which all nations can join.

We are looking forward to this visit in Yugoslavia, hoping to build greater understanding between the people of your country and of the United States.

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14, 1963

UNITED STATES DEPARTMENT OF AGRICULTURE

For A.M. Release Sept. 10

Washington, September 4, 1963

STATEMENT BY SECRETARY OF AGRICULTURE ORVILLE L. FREEMAN
ON STUDY OF AGRICULTURAL PROTECTIONISM

I am releasing today a highly significant study of non-tariff agricultural protectionism as it is practiced by a number of the leading nations that participate in world trade.

The study shows that all our major trading partners practice a higher degree of agricultural protectionism through non-tariff barriers than does the United States.

The study was prepared by a group of international economists of the U.S. Department of Agriculture, using carefully determined criteria applied equally to all selected countries.

While it is impossible to measure non-tariff agricultural protectionism precisely, our economists were able to arrive at effective indicators by comparing the portion of each country's agricultural production that is protected from outside competition by non-tariff import controls.

The reason for U.S. concern over non-tariff import controls (such as import quotas, embargoes, variable levies, monopolies, preferential treatment, import licensing, bi-lateral agreements, etc.) is that they tend to be arbitrary national trade barriers. Their use does not necessarily mean that a nation does not import agricultural products but it does mean that such importing is at the discretion of the government. Unlike fixed tariffs, the non-tariff controls in the past have been subject to very little reduction as a result of international arbitration and negotiation.

Using non-tariff import controls as the criteria, the study found selected countries to be protecting the following percentages of their domestic agricultural production from outside competition:

United States	26	Japan	76	France	94
United Kingdom	37	Netherlands	79	Switzerland	94
Canada	41	Greece	82	Norway	97
Australia	41	Denmark	87	New Zealand	100
Italy	63	Austria	91	Portugal	100
Belgium	76	West Germany	93		

American agriculture repeatedly has been accused, both at home and abroad, of maintaining a highly protectionist trade structure. The facts show that this is not true. The United States is among the most liberal in the world in its agricultural import policies. The farmers of the United States carry out their production operations with far less protection from competitive imports than do farmers of practically all other countries.

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USDA 2961-63

In the past few years, we have made substantial reductions in our import protections provided under Sec. 22.

As the study reports, today we exercise import controls only on wheat, sugar, peanuts, cotton, and dairy products. All other agricultural products may and do come into the United States in unlimited quantities, subject only to meeting health, sanitation, and quarantine safety requirements, and to payment where specified of fixed tariffs.

The study does not report on U.S. agricultural tariffs but here again for most farm products our tariffs are moderate and we are at the low end of the scale among major agricultural exporting countries.

The United States has steadily been reducing its tariff rates on agricultural imports for 30 years, beginning with enactment of the Reciprocal Trade Agreements Act in the 1930's. The average tariff rate on dutiable agricultural imports was brought down from 88 percent in 1932 to 10 percent by 1959, with slight reductions since 1959 and even further reductions in prospect through reciprocal negotiations under the Trade Expansion Act. The average duty imposed on U.S. agricultural imports is lower than that imposed on U.S. non-agricultural imports.

The two-way trade in agricultural products practiced by the United States is of a vigorous healthful nature. We are both the world's largest exporter of agricultural products and, because of our high purchasing power and liberal policies, the world's second largest importer of agricultural products, exceeded only by the United Kingdom. While we import large amounts of non-competitive products such as coffee, cocoa, bananas, crude rubber, spices, and so on, over half our agricultural imports are products that compete with our own farm production.

Despite our liberal agricultural trade policies, we have a net favorable balance in our agricultural trade. In 1962, U.S. commercial exports of farm products sold for dollars came to \$3.5 billion, whereas our imports of competitive agricultural products came to \$2.2 billion, a net favorable dollar trade balance of \$1.3 billion.

As realists we are not seeking completely free trade. For many reasons -- economics, political, and social -- no country is either prepared or willing to remove all protections from its agriculture. The basic question has to do with the degree of protection. We think it should be moderate. If the fruits of agricultural science and technology and efficiency are to be made readily available to consumers, nations must participate in active two-way trade, which is not impeded by high tariff and non-tariff barriers.

For A.M. Release Sept. 10

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U. S. Department of Agriculture
Office of the Secretary

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18, 1963
m: It is always good to get to Minnesota -- and I appreciate my home State all the more for having just returned from a fairly extended trip into another world -- the world behind the Iron Curtain.

The Soviet Union and the other four countries that our party visited are a different world. And this comes home with special impact to an American Secretary of Agriculture. In those countries -- without exception -- agricultural officials are trying to figure ways to increase production. They are literally straining every resource to produce more and more of everything.

In the United States, of course, we have quite a different problem -- the problem of dealing with surpluses and trying to adjust the almost irrepressible tendency of American farmers to produce more than we can use and thus force down prices and farm income.

Since 1932, we have taken about 75 million acres out of production. In the same years, the Russians have put 150 million additional acres into production.

I have said, only partly in jest, that a United States Secretary of Agriculture returning from a Communist country needs to undergo a de-briefing because the farm problems of the two worlds are so dramatically different. The shock of readjustment is almost that great.

Address by Secretary of Agriculture Orville L. Freeman at the Minnesota State Plowing Contest, Mankato, Minnesota, September 8, 1963 at 2 P.M. (CST).

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I might express the opinion, too, that the food problems of the Communist countries are easier to understand. It's easy for farmers anywhere in the world to understand why they should produce more, but it's much more difficult to appreciate a need to produce less. American farmers feed us better and more cheaply in proportion to our income than any other farmers in the world today, or in all of history. They have earned the sympathetic appreciation of the American people. But few Americans understand the dilemma of a farmer who wants to use all of his land efficiently and produce food to his maximum ability -- and yet who knows that, if he does, he will produce more than can be sold at a fair profit.

Unfortunately, this dilemma is being distorted, for the U. S. farmer is usually pictured not in terms of this economic crisis, but rather as a man who wants only a subsidy.

Nevertheless, despite all our difficulties, I am glad that we have our food problem of abundance and not theirs of scarcity.

That brings me to the four points I should like to make here today:

First: There are contrasts between our systems -- agricultural contrasts and political contrasts.

Second: There are benefits -- mutual benefits -- to be derived from maintaining and even expanding contacts with the people of Eastern Europe.

Third: The spirit of individualism is hard to eradicate from the human breast -- even in collectivized nations.

And Fourth: In the economic war which Khrushchev is launching, American agricultural productivity is one of our most potent weapons.

But before examining those points, I want to talk with you for a few moments about my visit to the Communist world -- especially to the Soviet Union. Not to give you a detailed or scholarly analysis of Soviet agriculture -- but just to give you some of my impressions as a Minnesota boy a long way from home.

I consider it my job as Secretary of Agriculture to know what goes on in agriculture everywhere in the world in terms of the position of our country with relation to all others. Eastern Europe is both a customer and a competitor today, and promises to become a more important one in the future. It is the most powerful bloc outside of our own country, and agriculture, in which about half of its people are engaged (as compared with 8 percent of our people), is a vital part of the life and economy of those Communist countries. It is part of my job to know all I can about it.

We traveled widely, and we worked early and late. We talked to people -- to peasants and to collective farm chairmen and to political leaders. We sat down at tables and toured experiment stations and tramped the fields with them. We asked detailed questions about their planning and organization -- about their machines and cultural practices -- about their system and how it is organized and how it works. We asked about research, institutions, techniques, and about their adjustments to local conditions.

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I don't claim to have become an expert in 30 days. But with me I had distinguished specialists in several phases of U. S. agriculture and Soviet agriculture. Our party was able to split up at various points, and so I had the benefit of several pairs of eyes trained in science, in agricultural engineering, and in economics.

We flew 6,000 miles in the Soviet Union alone, in Russian commercial airplanes. One time, I recall, we landed on a grass runway in a heavy, four-engine, turbo-prop airplane. We stirred up enough dust -- believe me -- to have accounted for a recent Soviet conference on wind erosion. The Russians are beginning to be concerned about the effects of wind erosion and dust storms in these so-called "new lands" which were first broken to the plow in 1954 and which have given them 100 million additional acres of grain production, mostly wheat. We were the first American delegation to stop at that frontier-type city of Orenburg -- on the hot, dry, flat plains, or steppes -- since the Hoover famine relief commission visited there after World War I.

Our experts were critical of some of the cultural practices followed in this new lands area, where there is virtually no rain during July and August. We think they plow too deep, and plant too deep, and use too much seed. Yet we found ^{these same} cultural methods followed in the dry land areas all over the U.S.S.R. Apparently they have been decreed in Moscow. A lack of local decision-making -- a lack of flexibility -- appears to be one of the great weaknesses of the socialist system.

Next we flew south and east into Central Asia, into the parched desert land of Uzbekistan, where the Russians grow irrigated cotton. It was 104 degrees the day we landed there.

Then we began to circle back, stopping in the Krasnodar region -- in their corn belt -- which is at about the same latitude as Mankato. The countryside looks like southern Minnesota, except that you don't see any soybeans. Again, there is no rainfall during the late summer growing season, and soybeans don't thrive there. The Russians get two-thirds of their vegetable oil from sunflowers.

Our next stop was in the Ukraine, traditional bread basket of Russia. Then on to Belorussia, Leningrad, and back to Moscow.

Besides flying over vast distances, we rode hundreds of miles over bumpy roads and tramped countless steps through endless fields and milk sheds and hog barns. Our first stop in the new lands was at a 275,000 acre state farm (more than half as large as all of Blue Earth County), with 150,000 acres planted to spring wheat and other crops. Can you imagine the administrative problems in running a farm that size?

We spent 18 days in the Soviet Union, topping off our visit with a down-to-earth, two-hour conference on agricultural problems with Premier Khrushchev. Then we spent a total of another 12 days in Poland, Rumania, Bulgaria, and Yugoslavia. In those countries we also had conferences with the top political and agricultural leaders, and saw their farms and institutions. We arrived home exhausted. But it was worth the effort. We had learned a lot.

Now, let us take up the first of my four points -- the contrasts in our systems.

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I returned from this revealing survey of socialist farming with my conviction reinforced that there is no more efficient and effective system of agriculture than the American family farm. Agricultural output is one of the proudest achievements -- indeed, one of the miracles -- of the American economy. It is a testimonial to the incentives of free enterprise. Under it, our farmers have something to work for which is lacking in collective systems.

Compare the results, if anyone doubts this. Eight percent of our population feeds our 185 million people, with enough left over to furnish food and fiber for a Food for Peace program which is active in 100 countries, plus ample reserves against emergency at home. This compares with 50 percent of the Soviet population producing a far less satisfactory and more expensive diet. One U.S. farmer feeds 27 people, one Russian farmer six people. The American consumer spends only 19 percent of his disposable income for a well-balanced, attractive diet that comes to him in handy packages and cans and in frozen and convenient forms. The Soviet people, on the other hand, spend nearly half of their income on foods that run heavily to cereals and starch. Canned and frozen foods are not to be found in their stores.

We gathered additional evidence of the American farmer's ability to outproduce the Russians in the food price comparisons that we made in Soviet cities. One of their principal foods, bread, costs 65 cents for a two-pound loaf, as compared with 39 cents here. You see people buying just one or two eggs, at 10 to 12 cents each for medium size; our large eggs are 5 cents each. Lard costs \$1 a pound in Moscow (they use a great deal of lard), and 15 cents in Washington. Remember also that they pay these much higher prices from salaries that are much lower than ours on the average.

Our consumers would be more appreciative of the low food prices made possible by the American farmer if they went shopping in the U.S.S.R.

Premier Khrushchev acknowledged to me that American agriculture is at a higher level than Soviet agriculture, but he credited the U.S. advantage to our "riches," not to our system. I told him I disagreed with him, and gladly accepted his challenge when he said the Soviet Union intends to overtake and pass us in agriculture by 1970.

This kind of peaceful competition, I welcome. I do not believe that the socialist system of planning -- as cumbersome and inefficient as I saw it to be -- will ever be able to compete with our individualistic family farm agriculture and its built-in incentives. The Russians have said many times before what they intend to do in agriculture, but they continue to trail further behind us.

Our two-hour conference was friendly, but we did needle one another a few times about the respective merits of our two systems. I offered to sell him some poultry, but he told me that all he wanted to buy -- all he had money for -- was production equipment, such as fertilizer plants, chemical plants, and feed mixing plants. He said he plans to invest nearly six billion dollars in fertilizer production in the next five years in order to increase production from 20 million to 100 million tons a year. Even if he could increase the production that fast -- which I doubt -- I suspect, from our own longer experience with fertilizers, that his less efficient farmers could not learn to use it properly in such a short time.

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It was good news, however, to hear him say that he intends to use his money for fertilizer plants instead of rockets. He said he is "fed up" with rockets and the Soviet Union has enough of them. Khrushchev said also that he prefers competition for wheat and beef production to competition for atomic weapons. I hope he means it.

The organizational bases of agriculture in the United States and Russia are entirely different, of course. Farm land in the Soviet Union is nationalized, which is one way of saying that the state owns all the land. There are two types of farms there -- state farms, which are managed by the state and operated by workers hired for wages -- and collective farms, which theoretically are run by an elected chairman and by vote of the members. Both kinds of farms must produce certain quotas of commodities for the state, however, and state inspectors check carefully on the operations of the collective farms. This is in sharp contrast to our family farm system, based on private ownership.

Not only is Soviet agriculture different -- the farmers are different. There are obvious contrasts in the training and background of U.S. and Russian farmers. The American farmer's capabilities are much broader and his management skills much greater. We observed very few farmers who could come near to matching the American farmer with his working knowledge of agronomy, mechanics, veterinary science, business management, and the like.

The Soviets are trying to concentrate on agricultural education and they now have about 100,000 specialists of various kinds -- agronomists, tractor specialists, animal husbandrymen, business managers, and so forth --

stationed on or available to their 50,000 state and collective farms. But the American farmer wraps up all these specialties in one man, to an amazing degree.

The Russians are using much more marginal land, and weather conditions are less advantageous than in the United States. This difference in climate is a very real factor, and it is only fair to recognize this and to be grateful for the rich blessings of climate and soil that we have in this country, and which is so apparent here on the good Minnesota farm where we are meeting this afternoon.

Krasnodar is at Mankato's latitude, as I said, but Krasnodar is in the far south of the Soviet Union. Most of the Soviets' farm land is farther north, and a lot of it is much farther north. Moscow is about 400 miles north of Winnipeg. So you can readily realize what this means in shortened growing seasons in much of the Soviet Union.

We visited a research institute at Krasnodar that has done a great deal of work with hybrid corn -- and here again the American influence was pronounced. For areas with a short growing season, the scientists at Krasnodar recommend a hybrid variety developed right here in Minnesota. When the season is longer, they recommend Wisconsin and Illinois varieties. Hybrids are now used on about 70 percent of Soviet corn acreage, and within a very few years, we were told, they will be used almost exclusively.

At the Krasnodar institute, the outstanding achievement is a new beardless wheat -- one of the parents of which was an American variety.

This new wheat which is the only one used throughout a large region in Russia and which has spread to Hungary, Bulgaria, and Rumania, is claimed to have increased yields 35 percent.

The mention of Midwest corn varieties in Russia leads me naturally into my second point -- about the benefits to be derived from continued and expanded scientific, technical, cultural, and people-to-people contacts with other countries -- including countries with a political system much different from ours.

We ought not to be fearful of the interchange of ideas. Agriculture is a peaceable pursuit. It is an "open window" between East and West. Its scientific innovations are published in agricultural journals for all the world to see and to read. We discovered again and again that the Des Moines newspapers are well known in the Soviet Union because they proposed the idea of exchanges between the two countries some years ago.

Keeping diplomatic and personal lines open between countries is an important way to avoid serious clashes. Witness the new "hot line" between Washington and Moscow; this is regarded as a major step, and rightly so, in preventing accidental or thoughtless adventures that could wipe out most of civilization. I said before that agriculture is a peaceable pursuit. So why can we not have an augmented "peace" line -- an expanded line of agricultural exchanges -- between our two countries? What better way to make sure that no one ever has to make a call on the "hot" line!

The people of the Soviet Union -- even Mr. Khrushchev -- agree with us that American agriculture is the best in the world. It follows, therefore,

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that perhaps Russian agricultural scientists and practitioners have more to learn from us than we from them. For that reason, we might selfishly say: "Let's go slow on exchanges". But that would be a grave mistake, not only because our agricultural knowledge is given wide publicity and is translated/^{and studied} by the Russians but also because shutting off agricultural exchange would close down lines of international communication over which flows the broad good will that accompanies personal contact. Of course, we can never for an instant let down our own security guard. We must never delude ourselves into thinking that the Communists have abandoned their goal of world conquest -- that would be a negation of Marxism, on which their whole philosophic structure is built.

Both countries benefit from such exchanges. Cross-fertilization of our own ideas and techniques is important to the United States, just as is cross-fertilization of some of our plants and trees.

In Leningrad we visited the All Union Institute of Plant Industry, which maintains plant exchanges with 80 countries. Scientists are sent out all over the world to collect plants and view the work in agricultural schools and institutions.

Years ago the exchange program between the United States and that Institute was allowed to lapse, but in 1959 this exchange was re-established. Since that time, we have received 2,300 lots in exchange for about the same number sent over there from this country.

We are interested in sending explorers to the Soviet Union to search among wild plants, and we recently concluded an agreement to permit two American

scientists to do this. They are now in Moscow and soon will be in the Uzbek Republic. This can benefit us, since many of our wheat, fruit and vegetable species originated in that part of the world. By exploring among wild species, we can perhaps find strains that resist diseases and insects -- and which have other desirable characteristics. We can also search for insect predators and parasites that might be used here to combat our insect pests.

Our explorers have been doing this in other countries -- and we are interested in doing this kind of work within the great land mass that is the Soviet Union. We discussed the possibility of further arrangements of this kind with the Soviets at several levels and found a great deal of interest. I brought it up, then, with Premier Khrushchev, and he replied that plant exploration is important, and that he is in favor of such exchanges.

One of the plant characteristics that we can use in our breeding program was present in some low-growing apples and cherries that we saw in Moscow. These little trees -- which came from Siberia -- are no more than 18 inches off the ground and spread out like a creeping plant. We understood that when winter comes, the snow covers up the whole tree, and it can, therefore, survive -- despite the bitter Siberian winters. It gets cold in Minnesota, too, as I recall.

We are interested in learning more about their beardless wheat; and about hard spring wheat we saw at Orenburg that was reported to test at an unusually high protein content. In Bulgaria, we saw a beautiful hybrid tomato which our scientists said was one of the best in the world; Bulgaria exports 250,000 tons of this hybrid annually. At a general agricultural

collective in Yugoslavia, we were shown alfalfa and corn pellets that had been developed on the farm. We saw some interesting vitamin pellets developed on a first-rate hog farm in the U.S.S.R.

What I'm saying is that both nations -- all of our nations -- can benefit from the kind of scientific exchange we are trying to enlarge.

The third point I want to make -- and it is an encouraging one -- is that even under a Communist system that has survived for a generation and a half, as it has in Russia, a feeling of individualism continues to be a part of the human spirit.

The success of the small private plot is an example. In the Soviet Union a collective farmer may cultivate a little more than two acres, and a worker on a state farm about a third of an acre for himself.

Although private farm plots are not officially encouraged and do not benefit from the government's extension service, these small private enterprises are very productive and make up a significant part of agricultural production in the U.S.S.R. because they give individual farmers a chance to exercise their own initiative.

I want to mention one other item on the durability of the human spirit. The first collective farm we visited in Poland had over the mantelpiece not the inevitable picture of Lenin which we saw everywhere in the U.S.S.R. but, instead, a crucifix.

In the Soviet Union it is possible, though not always easy, to attend church services. In Minsk, for example, Mrs. Freeman asked the Agriculture

Minister at our first briefing session about attending church the following day, which was Sunday. The Agriculture Minister said he was a Communist and did not go to church, and in fact he didn't even know where there was a church, but that he would find out and see that it was arranged. So she and I went to a service at a Russian Orthodox Church. We had been told ahead of time that we might expect to see only peasant women of advanced years there. We were pleasantly surprised. There were a number of middle-aged men and women, and some young people, too.

The members of our traveling party had many, many visits with everyday citizens in the countries we visited -- people on the farms, in factories, in the streets. Whenever possible, I would say a few words to farmhands, to staff people, or just to curious onlookers, along these lines:

"I bring you greetings from President Kennedy and the American people and expressions of friendship and a desire for peace in the world."

And in each case, the people, many of whom had never seen an American, responded with warm applause and crowded around happily to shake hands.

I must admit that I had not anticipated such a completely friendly response as we received from the Russian people, particularly in view of all the anti-American propoganda calling us imperialist warmongers, that they have heard over the years. We discovered an immense reserve of friendship for the United States among the people themselves. Their talk was always about peace, and they responded spontaneously to the message that President Kennedy and the American people want peace. It is hard for me to communicate the intensity of their feeling about peace.

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Then we visited cities that had been destroyed -- leveled to the ground -- in World War II. In those cities, and in that country where 20 million people lost their lives in the war, the memory of total destruction of life and property is still very real. Kiev, for example, on the Dnieper River, has been mostly rebuilt since 1946. Minsk, a city of 600,000, was a battlefield in World War II, and is still being rebuilt.

We were in Russia at the time the nuclear test ban treaty was initialed. When the news came, I was having a rather technical discussion with the Ukranian Minister of Agriculture in Kiev. The session immediately dissolved into a big round of speeches of friendship. Other members of our party were on a state farm. Applause and shouts of approval greeted the announcement there.

To summarize our agricultural observations, let me point out again that the specialists in our party did not completely agree. But it was unanimous that there has been progress in Soviet agriculture. The extent of this progress, and the amount of future progress to be expected, are more difficult to assess.

It is clear that Soviet science and research have improved, and some of it is good indeed.

It is clear that the Soviets are communicating know-how to farmers and local managers better and more effectively than was the case five to ten years ago.

And it is clear that total production has risen considerably. They have the ability to feed their people, although with a very limited diet.

As you might expect, the Soviets are the most successful in producing those crops where production can be routinized and standardized. That is, grain and the row crops -- sugar beets, cotton and sunflowers.

In the more diversified kinds of farming -- such as livestock, dairying, fruit and vegetables -- they are lagging far behind. Part of the reason is that this kind of farming calls for so many day-to-day and week-to-week decisions on the spot that a remote decision-making process breaks down under its own bureaucratic weight.

Another reason for the Soviet lag is a poor marketing system. This is a big deficit in Soviet agriculture. If you can't market and transport and preserve milk and meat and vegetables -- you can't produce them successfully on a large scale. There is a big shortage of marketing, distribution, storing, and processing facilities.

As for the future, it seems certain that the Soviets will begin to put more of their capital resources into agriculture. So -- while I don't believe that with their system they will ever catch up with us in productivity per man hour -- their total production will continue to increase.

The single greatest impression from my visit to the Soviet Union is that we need to increase our person-to-person contacts with the Russian people -- consistent, of course, with security principles and remembering always that the Communists still are striving to dominate the world. Agriculture offers perhaps our best and most peaceful opportunity to do this.

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But the people of the Soviet Union -- as contrasted with their leaders -- don't necessarily share the desire to dominate the world and to "bury" the United States, as Mr. Khrushchev has expressed it. They want peace. They feel a friendliness for Americans.

Agriculture offers perhaps the best opportunity to meet these people on common terms. The exchange of information on agriculture can be a process of mutual improvement. Every American citizen who goes to the Soviet Union learns something. Russians are strongly impressed by our institutions and our way of life, whenever they have the opportunity to experience them.

I strongly suspect, in the light of Mr. Khrushchev's recent emphasis upon economic targets -- his references to "economic war" and his statement to me that he means to take over our agricultural "priority" by 1970 -- that he now seeks to transform the Cold War into an economic war. This may account for his desire for military peace -- for relief from the economic burdens of building weapons for a nuclear war which might destroy Communism as well as all the Communists.

If Khrushchev wishes an economic war, we are willing and able to take up that challenge. And this is my fourth point -- in such a contest, agriculture will play an important role. American agricultural productivity today has proved its superiority over any Communist system ever devised.

I am certain that this will become more and more apparent to people everywhere -- even to those behind the Iron Curtain -- as they have more and more opportunity to learn about our achievements. In a contest involving either ideology or economics, we can whip the Communists hands down. And in such a contest you, the farmers of Minnesota and the United States, will lead the way.



U. S. DEPARTMENT OF AGRICULTURE
Office of the Secretary

8, 1963
3 p.m. As Secretary of Agriculture I have learned a number of things that I did not anticipate when I went to Washington.

First, and most important, I have found the distance from my desk to your farm cannot be described adequately by measuring it in miles.

Second, I have found that when people say the Secretary of Agriculture has an impossible job, they also are describing the conditions under which the individual farmer is working today. If a farmer's head aches with worry, mine aches too, for the problems which individual farmers find they cannot successfully cope with, often become the property of the Secretary of Agriculture.

I am here tonight to listen. I will be hearing from farmers across the country in the weeks ahead -- because your problems are my problems. I want to hear what you have to say...to hear your questions and to answer them if I can. I want to see -- not so much "Agricultural Problems" -- but "Farm Problems". I want to look at farming through your eyes, and to give you in return, a glimpse of agriculture from where I sit in the Nation's capitol. Though we look through somewhat different windows, we must finally have the same view if we are to solve problems and make progress.

Thus, although we approach the problems of the farmer and farming from different positions -- I from my desk and you from your field -- we both seek workable solutions.

Address by Secretary of Agriculture Orville L. Freeman - "Report and Review" farmer meeting, Worthington Junior High School, Worthington, Minnesota, 7:30 p.m., CST, September 8, 1963

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I want you to know too, that I think and feel not only in national and international terms but also in terms of the farm my grandfather homesteaded at Zumbrota, Minnesota, where I worked as a boy and which I dearly love. It is always difficult to maintain adequate communications. I am sure this meeting will help me. I hope it will help you too.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in 10 years which match the events that once required centuries.

This kind of experience is hard to adapt to -- and hard to put into words. So we tend to communicate our frustrations instead of our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and workable policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit.

When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the farmer wants to produce all he can and to have the public pay a higher price for it either in the market or through price support programs. This is a cynical distortion -- a quick, flippant way of describing a problem that you feel and I feel as a hard knot in the pit of our stomach.

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I see and hear distortions like this every day, and when I do, I know that it widens rather than narrows the gap of understanding we must close if the American people are going to deal adequately with the challenge of abundance. It is a challenge to us all -- farmer, lawyer, merchant, mechanic, engineer and housewife.

Thus, I am here not only to shorten the distance between my desk and your farm, but also through the press, radio and television to encourage other people to listen to what you have to say. Out of this can come further progress toward better farm incomes, better rural communities, and a better farm-city relationship.

This has worked in the past. I recall that before going to Washington in 1961, I talked with many farmers here in Minnesota who said that something must be done soon or else they would have to quit farming.

What they were talking about in very simple and direct terms was this: By 1961, feed grain supplies had built up to a record 85 million tons; we were nearing the danger point where this massive supply would break out and flood the market. The signs were all there -- feed grain prices had trended lower each succeeding year; we were entering a new crop year with all available storage space in use; storage costs were becoming intolerable. Unless we could get swift and effective legislation, stocks would increase further. The consequences for the grain producer, the livestock farmer, and eventually the grain storage industry were going to be disastrous.

As you remember, we barely got the emergency feed grain bill through the Congress early in 1961. But it did pass, and in record time, too. It was the first major piece of legislation which President Kennedy signed, and in its first year, because of your cooperation, it was a far greater success than we had anticipated.

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The emergency feed grain program would have been a success if it had simply balanced production in 1961 with consumption. We didn't expect much of a reduction in surpluses, but the program actually reduced feed grain stocks by some 13 million tons, about 400 million bushels. The downward pressure on grain prices eased, and the threat to livestock growers was eased, as well.

This program, continued in 1961 and 1963 with relatively minor changes, is now in effect through 1965. It has reduced feed grain stocks by almost a third -- and promises to wipe out the stored surplus by 1965. We have moved a substantial amount of grain into use -- and out of storage -- while boosting farm income. And the program has decidedly reversed the downward trend in feed grain prices. Corn prices this summer have been the highest since 1958. It is, in addition, the best possible insurance against any break in the price of cattle and hogs, and against demands for support programs for cattle and hogs.

From your farms early in 1961 you probably saw the feed grain problem as low corn prices in a period of rising costs, and as a threatening flood of grain which could wreck your hog and cattle markets if it ever broke loose. Individually, there wasn't much anyone of you could have done about it except to sit and watch things go from bad to worse.

I saw the problem also as a threat to farm income, and thus to your prosperity and that of rural communities. It was compounded by the total lack of storage space for an additional 300-400 million bushels of grain which would be added to surpluses from a crop that was going to be planted within a few weeks.

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I remember my initial deep worry that the first thing the new Secretary of Agriculture would face would be grain on the ground because there was no storage space for it. I no longer have that concern, at least for today we have about 1 billion bushels of space -- formerly filled by CCC grain -- available to farmers and the trade, in addition to expanded grain storage facilities on farms.

The problem in wheat wasn't too different, wheat farmers did have a program that called for acreage allotments with price supports, while the feed grain producer had low price supports and no acreage allotments. But bigger surpluses and eventual price disaster were built into both programs.

Over the years, as yields improved, it had become clear that the wheat program -- which was enacted in 1938 -- could no longer cope with a problem of expanding production in a domestic market which required about the same amount of wheat in 1961 as in 1938. As a result, we had 1.4 billion bushels of wheat in storage in 1961 -- enough to fill our domestic needs for more than two years.

From your farm, the problem must have looked somewhat different. A two-year supply of wheat, while isolated from the market through the price support program, was a constant but remote threat to wheat prices. It did act as a damper on prices, but supports maintained prices fairly well. Your acreage was already cut one-third below 1953, and you wanted acreage to go up -- not down.

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Another reason you see the problem different is that there are many different types and classes of wheat grown throughout the country. Producers in every area are told that "your wheat is the best there is, and there will always be a demand for it." Since there was little that an individual farmer could do about the overall surplus, it seemed realistic to believe that the problem really belonged to someone else.

So on my doorstep in January 1961, I found twins -- feed grains and wheat. The two problems were similar. Like feed grains, the wheat surplus wouldn't simply go away; it could only get worse as it had done nearly every year in the 1950's. It was, and is, a threat to farm income, and thus to the prosperity of the rural community. Wheat supplies also filled all available storage space. But even more serious, unless changes were made, we could expect 100 to 200 million bushels of wheat to be added to already record stocks each year.

The course which had been set for wheat as well as for feed grains in the 1950's could not be continued. So an emergency program was developed for wheat also. Together with expanded exports, this program has reduced wheat stocks by about 250 million bushels. A further sharp reduction is assured by mid-1964.

In addition to the emergency acreage diversion programs for wheat, Congress approved a long range program. Failure in the referendum to secure approval of the 1964 wheat program enacted by Congress has dimmed the prospects both for supporting wheat incomes and for reducing wheat stocks in 1964. However, I am confident that with an expanded feed grain program we can avoid further increases in wheat stocks. And we will do everything possible within existing authority to hold up wheat prices in 1964.

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Overall, the programs in wheat and feed grains since 1960 have reduced stocks by about one billion bushels, contributing to a better balance between supply and demand. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962, and they are providing savings in storage costs and shipping charges of more than \$800,000 a day.

This, I believe, shows one way in which the commodity programs can work to help the farmer and the public. I'd like to cite another example of the manner in which our efforts to reduce the surpluses have worked to the benefit of the farmer.

Do you remember in early 1961 how soybean prices shot up...after most farmers had sold their beans? You lost potential income, and the United States lost dollar markets abroad because there were not enough beans to meet the demand. In order to correct this situation, I raised soybean price supports from \$1.80 to \$2.30 a bushel for the 1961-62 marketing year. I wanted to insure that farmers got a better price for their beans, and also I wanted to insure we would have the beans to sell in a rapidly expanding world market.

I doubt that anything I have done as Secretary has brought a louder or more immediate critical outcry. But when the results were totaled, the farmers had earned \$400 million more from soybeans grown in 1961 than they did from the 1960 crop. We expanded export markets, the soybean carryover was minimal, and all the criers of doom and gloom had long red faces.

This, too, is an example of price support as a positive instrument used to help improve the economic position of farmers. Farmers responded to good prices and to price supports to produce more soybeans -- an example of positive and personal supply management in the best tradition of a free agriculture.

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With each commodity -- wheat, feed grains and soybeans -- you have seen the problems and the opportunities in a somewhat different way than I have had to view them. But the programs established and actions taken are succeeding because they are solutions which you from your farm and I from my desk can recognize as workable answers.

I am here today not only to discuss where we have been -- but where we are going. I know...and you know...that we continue to face critical and serious problems. We need to discuss them...and I want to listen to what you have to say about them. You know the problem from your point of view as well as I do. It is simply that the total capacity of agriculture to produce has outrun the ability of the American people and our export markets and our Food for Peace program to consume what can be produced. It is a problem that can't be pushed under the bed. We have to look at it together, and I have to look at it from the standpoint that if everyone produces all they can, no one is going to get a good price for what they produce.

Now, when I point to the initial improvements...the first steps away from potential disaster...I am constantly mindful that some of these gains have been bought at a high price.

Under the voluntary feed grain program, for example, about 20 million acres formerly in corn, sorghum, and barley will need to be taken out of production each year for an indefinite time if present levels of income are to be maintained and if new surpluses are to be avoided. This will require large expenditure -- perhaps 3/4 billion dollars per year for payments to insure voluntary participation. Once the surplus is gone, we can spend less than we have been spending, and far less than some other approaches would cost. But

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the feed grain program will still cost a lot of money.

From where I sit, I realize that there is a limit to what we can spend for farm programs. We deserve and can expect fair treatment, but we deal with an urban society -- and a Congress made up increasingly of city Congressmen.

Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who can be classed as farm or rural. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be impressed by a divided agriculture, or an agriculture not attuned to the rest of the economy. It is very clear that we must persuade, and no longer can expect to get Congress to respond to the power of, what was once called the farm bloc.

Another major factor in the unfinished business of agricultural policy is the wheat situation. In May the farmers rejected a wheat program which would have continued the surplus reduction, maintained incomes at recent levels, and gradually reduced costs to the Government. As a result, wheat farmers this fall are planting a crop for which the price support will be about \$1.25 per bushel and for which market prices are expected to be very low.

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We have heard little from farmers about wheat since the Referendum. Members of Congress report that their mail has been light with respect to wheat this year. Some say that this means that the wheat farmers are satisfied with the program which is in effect as a result of the Referendum. Others say that the wheat farmers will not realize the implications of the new situation until next harvest when the crop is big and the price is low. I am here because I want to hear what you have to say.

I also want to hear what you have to say about some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun a broad and basic program to encourage and assist local leadership in the rural community to develop new job opportunities for farmers and non-farmers -- and for their sons and daughters. This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas... ranging from on-farm recreation for pay to new industry.... from improved housing to modern community water systems.... from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly, with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp program on a pilot basis in 43 areas

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around the country, helping 358,000 persons in low income families to increase their purchases of food products they need. More than 6 million needy people are aided by the Department's food distribution program each month, and this week, 18 million school children will once more benefit from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most nutritious meal they get. If history remembers our nation kindly, the willingness of the American people -- and American farmers -- to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years. These problems and opportunities have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.



U. S. Department of Agriculture
Office of the Secretary

I welcome this opportunity to join with you at your 53rd annual convention -- particularly since you are giving special emphasis this year to the growing demands upon the nation's outdoor recreation resources.

I suspect that when all the reports are tabulated, the summer of 1963 will have been a record year in the public's use of both private and public recreation facilities. The preliminary reports on recreation use of the National Forests indicate this, and the Sunday Tribune a week ago carried a story reporting the glowing results of a banner year for resorts here in Minnesota. Each of you, I'm sure, could tell of the overwhelming number of visits to State parks and outdoor recreation facilities in your area.

These signs all confirm that the trend which was obvious when I served as Governor here in Minnesota is continuing at an accelerated pace. As Governor I was concerned that the efforts being made to meet this surging demand of the American people were not adequate...and I continue to have this same concern as Secretary of Agriculture.

It is gratifying to see in my own state that the programs for resource development -- with particular emphasis on recreation -- are being pushed vigorously by Governor Rolvaag. The long-range Resource Program enacted at his urging this year will enable the state park system to better meet the demands being placed on it. In addition, wetland areas for

Address by Secretary of Agriculture Orville L. Freeman before the annual convention of the International Association of Game, Fish, and Conservation Commissioners, Minneapolis, Minnesota, Monday, September 9, 1963, at 10:00 a.m., (CST).

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wildlife will continue to be acquired, the number of public access sites on lakes will continue to grow, and the program for seedling production and reforestation will be strengthened. These are programs which were dear to my heart as Governor, and they remain so today.

Now you may well ask why the Secretary of Agriculture should bother himself with outdoor recreation. Other than his responsibility in connection with National Forests, what does he have to do with recreation?

Some people would say...and have said...he should stick to the problems of producing, or avoiding production, of food and fiber. They say recreation is none of his business.

I can assure you that I have heard this from some Congressmen. They have snorted at me "what does the farm have to do with recreation? All this talk about using land for other things than producing crops is crazy. You forget about hunting, fishing, camping or picnicking and concentrate on corn, wheat, milk, cotton and peanuts. You straighten out the farmers' problems before you start messing around with recreation."

Happily, I don't hear much comment like this today, for the realization is growing that the long-term solutions to both the agricultural problem and the recreation problem are closely related. In fact, I believe that in resolving the crisis of abundance in agriculture we also will resolve the crisis of scarcity in recreation.

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Food and recreation are siamese twins, for the simple truth is that we require the use of land to enjoy both. In the past, as we have attempted to solve the farming problem of too much food we have isolated it from the concept of land use. Some have thought the answer was to idle land. That is wrong, because idling land...or retiring acres...is a waste of valuable and needed resources.

My recent visit to the Soviet Union and the Communist nations of Eastern Europe dramatizes the point I want to make.

In these countries, the government and the people alike are straining every resource to produce more food and fiber. In Russia, for example, an additional 150 million acres of land has been put into agricultural use since 1935. During the same period in the United States, we have taken some 75 million acres of land out of production.

Even with an increase of this size -- equal to about a third of our total cropland -- agriculture still remains a serious problem for the Russians. Food costs in the Soviet Union take about 50 percent of the average family income, as compared to less than 19 percent in the U. S. Over half of the work force in the Soviet Union is engaged in agriculture, as compared to about 8 percent here. The average Russian is not going hungry, but he has a monotonous, starchy diet -- about 60 percent of his diet is in carbohydrates. Meat, milk and dairy products, fruits and vegetables -- goods we consider commonplace -- are scarce in the Soviet Union.

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From this standpoint, the production and distribution marvels of our family farm system of agriculture make me very proud -- I hope more Americans will realize how fortunate we are to be struggling with the problem of abundance rather than scarcity. I'm sure that Khrushchev would much prefer our problem than the one with which he now wrestles.

Thus, the contrast between U. S. and Russian agriculture points up clearly that we use our cropland at an amazing level of efficiency. But we are not as efficient in the use of land we no longer need to produce food and fiber. In the past we have mistakenly assumed that we can solve our problem by idling land. Such a non-use policy is not the answer for the long pull -- it hasn't, and won't work.

Instead we are now beginning to apply another of nature's basic truths -- that land serves many purposes, of which food production is only one. This is the natural law of multiple use -- and by applying this principle of conservation to the use of private farm land we can begin to see that it is a significant part of the answer to the "twin problems" of overproduction in agriculture and underproduction of outdoor recreation.

With too much land in agricultural production and too little land producing recreation, we need only to convert cropland to meet the new demands of an urban age for outdoor recreation...and our twin problems will begin to disappear.

However, as most of you know, nothing happens quite that simply -- you know the adage "it is easier said than done." However, I am encouraged by some of the recreation developments now occurring in farming areas, and I am confident that these activities, as they progress, can contribute substantially to the solution of the "twin problems."

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One of the major difficulties I see at present is to convey to everyone concerned with the problem of too much food and not enough recreation that the solution to both problems is to be found in the classic definition of conservation -- the wise use of land, water, air, wildlife and forest resources for the fullest benefit of all people.

The application of this concept to our food and recreation problem is of vital importance. But so far it is little understood. Perhaps it is so simple and obvious that no one pays any attention to it. But we aren't going to be able to do much about it until people do understand it. I would like today to ask you as leaders in conservation to join with us in the Department to carry the message of multiple use of private land to the American people. That this is a difficult undertaking can be shown by reviewing the development of conservation in the public mind through three identifiable phases, each more complex than the last.

In the 1930's, the big conservation job was to halt the erosion of our land...to clear our streams and rivers of dirt and clean the air of our topsoil. Conservation then was described as wise use of our resources. What it meant was the protection of our resources from being further despoiled by man.

In retrospect, after 30 years of some success, this task was relatively simple. People can see the effects of erosion on the land, and they know something is wrong. They can see rivers come boiling up at flood stage, and deposit silt in the Main Street and on the parlor floor. They can see the duststorms blotting out the sun and taste the gritty dirt between their teeth. They know that if they feel the wasteful effects of misusing soil and water resources, then wild animals...fish and game...must have suffered even more.

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The public didn't need to be convinced of the value of conservation, they could feel it.

The only limit on progress in this phase of conservation is how much will the American people invest. We are going ahead with this investment, with the strong leadership of President Kennedy. This administration has nearly doubled the volume of small watershed programs. The River Basin Survey program is now underway as a working inter-departmental action project. For the first time, National Recreation areas are being developed in a cooperative program between the Departments of Agriculture and Interior.

We are aware, however, that the annual outlay of \$650 million from public and private sources for resource conservation is not adequate. We are not keeping up with farm planning needs in soil and water conservation districts, and we are far behind in meeting the demand for watershed district planning and conservation. We are proceeding faster today, but it sometimes appears as though we are barely keeping up. We know how to protect our resources from man's misuse...but many of us are not yet willing to make the investment in our future.

The momentum of public support for this stage of conservation technology has carried well into the 1960's, and now overlaps a second dimension which is rapidly forcing its way into the public conscience. If the 1930's were characterized by technology to prevent misuse, then the early 1960's are characterized by technology to end the damage caused by chemicals and wastes we are adding to our environment.

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The task at hand is not simple. It is reflected in growing public concern over pollution of water, air, and even the soil itself, by misuse of chemicals in agriculture, in industry, and in the households of the nation. Here, too, with basic public support and understanding we are beginning to act vigorously.

We are expanding our research into pest controls to develop safer means for combating harmful insects and plants. And we have had notable examples of success. Control of screwworm flies in the Southwest by growing and releasing billions of sterile male flies and use of various selective insect attractants point the way toward practical and safe pest control.

USDA researchers also are developing fat-based detergents which could replace the chemical-based detergents that do not now break down under treatment. Then the housewife will have superior washing compounds and also will be able to get a glass of water without a foaming head on it.

The answers to questions raised by man's contamination of his environment lie not only in careful, controlled use, but increasingly in research to discover alternative materials and ways of using them. Science and technology can provide, I am confident, answers to these perplexing problems. But the price may be high and, once again, we will have to decide if we are willing to pay it.

Thus, we have learned how to protect resources from being despoiled by man, and we are learning how to protect man from himself in his environment.

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The third phase of conservation, and the one most difficult because it is the hardest to understand, is the development and use of our resources to serve the needs of all people.

This is the great question facing conservation...and conservationists today. How are we to use these resources to serve people...in urban America and in rural America? In this decision, every American has a decided stake.

If we drift along as we have since the end of World War II, we could emerge from the decade of the 1960's with an aging rural population, gradually deteriorating natural resources and vigorous and growing urban areas with no room -- with sharply inadequate outdoor recreation resources.

The President has proposed to constructively use the resources of soil and water to begin a new era in conservation technology...to protect resources in ways that serve people.

We call it Rural Areas Development, and it is an effort -- based on the desire of the rural community to progress -- to do three things:

*Find the answer to overproduction through converting cropland to new uses to produce better incomes for people on the land by filling the unmet needs of people in the cities and urban areas.

*Encourage a new alignment of the resources of land and water and people in rural America to expand the rural economy and strengthen income of rural people, both farm and non-farm.

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*Infuse new capital into rural America.

We are committing the full resources of the Department to RAD because we believe that rural America -- which has contributed hugely to the rise of this nation to its position of world leadership -- can be a vigorous expanding sector of our national economy. We seek to move resources back into rural America -- to re-capitalize the rural economy, if you like. We want to encourage an economic revolution of expansion in rural America. We have several new tools which the Congress provided in the Food and Agriculture Act of 1962, and I would like to list some of them very briefly:

*The Act authorizes a number of programs to assist farmers and rural groups in developing recreation, wildlife habitat, grazing, forests, water storage or other new uses on land now producing crops or hay, or land currently in Federal diversion programs. These include farm recreation loans -- 100 of which have been made thus far on a pilot basis; a cropland conversion program now being operated with pilot areas in 138 counties -- 2800 agreements to divert 140,000 acres of cropland have been made; and, an expanded small watershed program to encourage recreation development and to provide for future municipal and industrial water uses in the planning of the watershed.

All of these new land use programs seek to provide the farmer with a better source of income, to encourage rural communities to make better use of land and water resources and to expand the opportunities for outdoor recreation for city people. They apply to private land the very successful principle of multiple use by which we administer the nation's forests.

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*The 1962 act also provided authority to initiate what we call Resource Conservation and Development projects. They will enable farmers, city people, rural communities and private organizations to work together to improve land use patterns and to develop the natural resources of rural areas.

These projects will provide an exceptional opportunity for city and urban people living within easy reach of a C&D project to join with local people to create new recreational outlets. As members of a sportsmen's club, a church, a youth group or a neighborhood association, they can work with rural organizations, such as soil conservation districts, to help finance recreational facilities of many different kinds. In this way farmers could develop additional uses and incomes from their lands, and urban residents would have an outdoor recreation area reserved specifically for their use.

*The RAD legislation also authorizes rural renewal projects designed to attack the entrenched poverty now found in many rural areas.

We envisage these projects will cover areas large enough to meet deep-seated economic problems, rather than nibble ineffectively on the fringes. Through rural renewal, we propose to work with legally constituted local bodies to make the land more productive, to construct water and sanitation facilities, to encourage the development of new industries and to stimulate the building of both private and public outdoor recreation facilities. This is a bold program similar in its intent and concept to the urban renewal and slum clearance projects which are helping our cities to renovate and rebuild their

core areas.
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There is more poverty in rural America with only one-third of our population than in all our cities combined and we need to think and act imaginatively and creatively to overcome it.

In addition to these specific programs enacted last year, the overall RAD program involves industrial loans through the Area Redevelopment Administration and through the Rural Electrification Administration; community facility loans and grants through ARA and, to a limited extent, through the Farmers Home Administration; rural housing loans, including a special program for financing housing construction for persons over 65; job training programs which provide rural people with the opportunity to learn new skills which can be used in the new plants being constructed as part of the RAD program.

These programs complement the on-going programs being carried out by the other agencies of the Department -- Soil Conservation Service, Farmers Home Administration, Forest Service, the Federal Extension Service, Farmer Cooperative Service, the Rural Electrification Administration, Agricultural Stabilization and Conservation Service -- which are dedicated to building rural resources.

The one essential characteristic of RAD is that while it provides technical and financial assistance...the initiative for action must come from local groups...from the people who will benefit through better economic opportunity or through improved services, including recreation.

In this respect, I'm sure you will be interested to know that last year over 9,000 farmers in soil and water conservation districts throughout the country converted some or all of their cropland to outdoor recreation facilities.

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Let me, in urging your support for this RAD program, make one important point. There is rising in the nation today an attitude that portrays the Federal Government as an intruder...an outsider.

Yet, in the 1930's when floods along the Ohio made no distinction between communities or State boundaries...or when Kansas dust hung over New York...there was no question but that these disasters were national problems demanding the mobilization of the resources of a nation. And today, when pollution of a single river threatens the common water supply of hundreds of communities, there is no question but that this also is a national problem.

The outdoor recreation needs of an increasingly urban, highly mobile people -- needs which can be met only outside their local community -- are no different. Thus, as the demand grows for outdoor recreation...and it is rising to the flood stage now...we have the opportunity through RAD to cooperate with local, state, and Federal government and private citizens to use soil and water resources to satisfy this new appetite. And it will employ the same resources no longer needed to produce food.

Most of these resources are in private hands, and most hunting and fishing is presently on private land. As the need grows for additional hunting and fishing grounds -- and other outdoor areas -- those demands will have to be met for the most part on land that is owned and operated by farmers.

Public land just cannot do the job -- despite multiple use management. Neither the geographic distribution nor the characteristics of public land give it the flexibility to satisfy all of the recreational needs of the public. So the land owner really becomes the key in the development of recreation facilities for the future.

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Farmers and ranchers have done more to improve conditions for wildlife development in the past 30 years than had ever been done before on the private lands of any country. These activities have increased supplies of some game and fish -- to the point where they are more plentiful today than when white men first set foot on this Continent.

But we are reaching the point where the farmer, in making his decision on land utilization, should be able to make wildlife as profitable a crop as any farm commodity...and sportsmen should recognize that if wildlife propagation is to be encouraged, it must be worth the price.

We cannot expect farmers and ranchers to invest time, money, and resources in game and fish production other than for their own enjoyment -- unless they have some means to recover their investment. Government technical and cost-sharing aids have helped a great deal in this respect, but these are not enough to cover the full costs.

Let me read to you a statement made many years ago by a famous game management authority:

"We recommend that we recognize the landowner as the custodian of public game, protect him from the irresponsible shooter, and compensate him for putting his land in productive condition. Compensate him either publicly or privately, with either cash, service, or protection, for the use of his land and for his labor, on condition that he preserves the game seed and otherwise safeguards the public interest.

"In short, make game management a partnership enterprise to which the landholder, the sportsmen, and the public each contributes appropriate services and from which each derives appropriate rewards."

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That quotation is from a speech made by the father of game management in this country...Dr. Aldo Leopold. The occasion was the 17th American Game Conference in New York City in March, 1930. Those recommendations -- made 33 years ago -- might well provide, in 1963, a formula for the future.

Farmers are, and must become even more so, the guardians of our soil, water, timber and wildlife resources. We must find ways to pay them not only for the food they produce -- but for other services that we, the public, extract from these resources.

Thus, we approach the time when agricultural policy and conservation policy truly merge into one -- giving fair consideration to farm income and farm levels of living and to the broader needs of the rural and urban community.

It is up to all Americans to decide the kind of country we want America to be. It is possible to preserve and develop for all of us the American heritage of rich resources and open spaces -- provided we decide now that this is what we want. The land resources are presently great -- yet in many instances, especially around cities, the pattern of use is being cast. To commit land to open green spaces -- for the benefit of nature-starved city dwellers -- calls for quick action before the concrete closes in. Let us vote for grass and water, as well as for concrete and asphalt.

I urge each of you to take a new look at opportunities in your own State. I suggest, specifically, that you investigate the services now

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beginning to become available under the Rural Areas Development program.
If the RAD program isn't operating effectively, pitch in and make it work.

The choice is ours. We can have productive land, clear streams,
plentiful wildlife, ample water. We can make this a prosperous and beautiful
and spacious America. I urge as our goal that we practice conservation as
the art and science of using resources to serve all people.

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U.S. Department of Agriculture
Office of the Secretary

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It is gratifying to take part in this conference on export expansion.

Both agriculture and industry have a vital stake in foreign markets--and for both sectors this meeting promises to accomplish two things: First, it will focus increased public attention on the need for stepping up marketings in foreign countries. Second, it should produce some practical suggestions for getting the job done.

You may be sure that the agricultural representatives taking part in the discussions here will welcome export-building suggestions from industry. In turn, I believe that our agricultural people may be able to give industry some ideas. Agriculture has intensified its foreign marketing operations in recent years. New approaches have brought good results. We are pleased to review them with you.

The United States has many reasons for expanding agricultural exports.

From a practical dollars-and-cents standpoint, exports strengthen farm incomes, provide employment in agriculture and supporting industries, help to stem the outflow of gold and dollars. Last year farm product shipments of \$5.1 billion represented almost 25 percent of total U.S. merchandise exports of \$20.6 billion.

We have other important reasons for wanting to increase trade in farm products. There is, for example, the desire of efficient producers to share fairly in the expanding world market. There also is the hope that the tremendous productive capacity of American agriculture can be geared more completely to the requirements of the Free World--which would do much to bring like-minded people closer together, both economically and politically.

Address by Secretary of Agriculture Orville L. Freeman, at the White House
Conference on Export Expansion, Mayflower Hotel, Washington, D.C. September 17, 1963

Similarly, foreign countries have numerous reasons for importing U.S. farm products. First and foremost, they need our goods. Many foreign countries have deficits of at least some of the commodities the United States wants to sell. Also, from a trade standpoint, our trading partners know that they must buy our goods if we are to buy theirs. And considerations of Free World solidarity play a part. All these factors have been reflected in expanded demand for our agricultural commodities.

The United States has moved vigorously to meet foreign needs. The export trend has been steadily upward.

In the fiscal year 1959, we exported \$3.7 billion worth of farm products. In 1960, we pushed the total to \$4.5 billion. In 1961, we shipped goods valued at \$4.9 billion--a record to that time. In 1962 we promptly broke the record with exports that hit the \$5.1 billion mark. We almost equaled the peak level in fiscal year 1963. We might have surpassed it had it not been for the longshoremen's strike of December 1962-January 1963.

What will be the situation in the fiscal year 1964--the current 12-month period that will end next June 30?

I have good news on that.

The Department of Agriculture is estimating all-time record farm product shipments for this current fiscal year 1964. Department economists and analysts tell me that the record not only will be broken, but that it will be broken by a substantial margin. These folks tell me that if everybody--in government and industry--makes a real effort, the fiscal 1964 total of agricultural exports could approach \$5.5 billion.

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It appears now that the cash sales portion of farm exports in 1964 also will set a new record. We are particularly pleased about that. Any expansion of cash sales abroad helps by that much to correct the present unfavorable balance of payments.

We have worked hard to achieve this progress. In the process, we have come to appreciate the truth of the old trade axioms.

We have learned anew that our customers must have dollar purchasing power before we can sell to them for dollars.

Economic growth is providing needed purchasing power. Economic growth is taking place everywhere. Growth has been especially rapid in Japan, which is the best dollar market for U.S. farm products today and is becoming an even better one. Growth also is giving us a large sales potential in the Western European countries, Canada, and elsewhere. Foreign gold and dollar holdings are at record highs. And most foreign governments no longer have restrictions on what their gold and dollars may be spent for, as was the case during most of the 1950's. U.S. agriculture has been striving--with considerable success, as I have indicated--to turn foreign purchasing power into purchases.

Prosperity abroad is supporting higher standards of living, including improved diets. One manifestation of that has been the shift to animal proteins--red meats, poultry, dairy products, and eggs in foreign countries. To meet the new needs, foreign herds and flocks have been expanded--and demand for U.S. feed has risen. In fiscal 1963, exports of feed grains and soybeans established new records. Further increases in foreign consumption

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of animal proteins may be expected, as this trend has by no means run its course. Potentially, at least, high purchasing power favors expansion of many other farm commodities we have to sell.

We have learned--assuming we have market access--that we must price our products competitively. Our efficient production assures our competitive position on many commodities. And when U.S. internal prices are above world levels, as is the case with wheat, cotton, and a few other products, we must make export payments to hold a fair share of the world market.

We have learned that we must watch the quality of the goods we export. Many of our competitors have long produced primarily for the export market. From experience they have become "export conscious." We must also attune our thinking to the wants and needs of foreign customers. By and large our quality stacks up well with that of our competitors, but some areas need strengthening.

We have learned--and this is most important of all--that the U.S. role in agriculture export markets must be active rather than passive.

Not too many years ago, U.S. agriculture waited for foreign customers to knock on the door. We finally woke up to the fact that our role of residual suppliers had to be changed. And we changed it. Today we have become eager salesmen. We are actively selling our food and fiber abroad. We are finding out that positive merchandising, which we call market development, produces results.

This market development work has been a cooperative Government-industry effort. A decision was made a number of years ago, when Congress first authorized this work, to operate through agricultural producer and trade

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associations. The call went out and the associations responded. Today, more than 40 producer and trade groups are working with us in jointly financed market development activities in some 50 countries. Almost all of the U.S. Government's share of program costs is financed under authority of Public Law 480 from foreign currencies received in exchange for farm products sold to dollar-short countries. Not many people realize that P.L. 480 makes such funds available. P.L. 480, on which the Food for Peace Program is based, has other important trade effects which I will describe in a moment.

The Department and cooperating groups have learned that if a development program is planned well, a "multiplier principle" sets in; that is, supporting promotional work is done abroad. U.S. cooperators enlist the assistance of counterpart foreign trade associations. These foreign cooperators, in turn, stimulate advertising and other promotion by foreign firms handling U.S. products. This foreign effort is largely an extra dividend on normal expenditures of the Department and the U.S. cooperators.

Our cooperators use a variety of techniques in promoting foreign sales. Many of these are the familiar methods of U.S. sales promotion--newspaper publicity, radio and television programs, point-of-sales promotion, paid advertising, and the like.

Another time-tested technique is the exhibit at fairs. The Department of Agriculture and cooperators are playing an active role in the international trade fair program. Since 1955, U.S. agriculture has taken part in over 100 exhibits at fairs and other events attended by some 50 million people. Some of these have been joint exhibits with the Department of Commerce, but many have been separate exhibits at major food shows. "Exhibit" may not be the right word. In the past few years, visitors to U.S. shows have not only been able to see our foods but also to buy them and try them in the home.

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In 1961, the United States presented at Hamburg, Germany, its first major agricultural " solo" exhibit; that is, a show staged by the United States alone. It was a huge success. An even larger solo exhibit for all of Western Europe will be held November 7-24, at Amsterdam, The Netherlands. A European-American symposium on agricultural trade, to be held in conjunction with the food show, will bring together many outstanding leaders of U. S. and European industry, labor, consumers, agriculture and other groups. The symposium will give Europeans and Americans a chance to swap ideas about attaining liberal trade within the Atlantic Community, as well as other topics of mutual concern. Ideas emerging from the discussions will be disseminated widely in Western Europe and will, we hope, contribute to trade expansion objectives we all seek.

Much development activity revolves around the U. S. Trade Centers established jointly by the Departments of Commerce and Agriculture in London and Tokyo. In progress at the Tokyo Center right now is a poultry show. Japan has become a new poultry market for us since 1960. We think it is a promising market. We think it is a sign of industry confidence when more than 20 U. S. poultry packers, representing a substantial part of the industry, are willing to move their samples half-way around the world--at their own expense--to test sales reaction. One of our Department officials who took part in the first few days of the event reports that it promises to be a tremendous success.

Cooperating trade groups have developed many new and successful techniques of their own that are peculiarly adapted to foreign marketing.

An effective promotional technique is the trade-sponsored visit to the United States. A few years ago a group of leaders from the Italian wheat trade and government were shown in this country that U. S. hard red winter wheat could be blended with Italian wheat to make good spaghetti, macaroni, and other "pasta."

The team visit paid off when Italy, needing additional wheat, stepped up purchases from the United States. Italy continues to look to us as its Number One supplier when imports of hard wheat are needed. Sponsored visits under the tobacco program have led to the introduction of many new foreign cigarette brands containing American tobacco and increased exports of our leaf to Japan, Thailand, Finland, the United Arab Republic, and elsewhere.

The continued upward trend of soybean exports indicates that persistent sales effort plays a part. One example will show what I mean. A few years ago the Spanish Government was persuaded to try some of our soybean oil under the Food for Peace Program--the U. S. Government accepting Spanish pesetas in payment. The industry followed up with an intensive program to show the Spanish trade that soybean oil could be blended with Spanish olive oil. Foreign currency sales were replaced by dollar sales. Today Spain is the largest cash buyer of our soybean oil. Sales to Spain in fiscal year 1963 totaled 500 million pounds, valued at \$50 million.

Sales of feed grains, though taking place within a favorable merchandising climate, are being helped by a world-wide promotion program. The feed grain industry has frequently teamed up with soybean meal and tallow promoters in seminars and demonstrations to show feed users and manufacturers how best to mix ingredients for optimum production of livestock. Promotion in Japan has made that country one of the largest buyers of U. S. corn and grain sorghum. Worldwide, U. S. exports of feed grains and products have risen from \$430 million in the fiscal year 1958 to \$772 million in 1963.

Although sales for cash depend on purchasing power, prices and quality, as well as sales effort, it is obvious that sales effort has been a highly significant factor in the upward trend of dollar sales in foreign markets.

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We must bear in mind, however, that a fifth ingredient determines ultimate success or failure in export markets. I refer to market access. This is all-important. If a country says, "You can't bring in your wheat, or your tobacco, or your poultry," you've "had it"--at least until the decision is changed. You can't promote goods that a country keeps out with trade barriers.

Difficulty of obtaining market access is the most serious problem hampering U. S. agricultural exports. Agricultural protectionism--over-protectionism, that is--takes many guises. We see it in the form of import quotas, embargoes, variable levies, monopolies, preferential treatment, and others. We have encountered it in the European Common Market, notably in connection with poultry. We have encountered it elsewhere.

The United States believes that moderate protection, which would still allow agricultural trade to flow, is the goal to be sought. In this regard, we practice what we preach. You may have seen or heard mentioned the study the Department of Agriculture released the other day which shows that the United States is the most liberal of the major agricultural countries from the standpoint of agricultural import policies. The United States protects 26 percent of its farm production from outside competition. With the exception of the United Kingdom, protection in Western Europe ranges between 60 and 100 percent.

American businessmen appreciate, I am sure, that the liberal policy of the United States with respect to agricultural imports is doing much to support the sale of U. S. industrial goods abroad. When the United States buys Dutch hams, Australian beef, Brazilian coffee, dollar balances are being created in this country. Foreign countries use those balances for their purchases of airplanes, machine tools, and many other manufactured items. Here we have liberal trade in action.

The United States will keep on trying to obtain a fair break for American agriculture. To that end protectionism will be combatted through our official and commercial contacts, and through formal trade negotiations. The word "reciprocal" in reciprocal trade agreements must mean exactly that. The Trade Expansion Act of 1962, which American agriculture supports, gives the United States broad bargaining authority. The United States has proposed to use the Act to negotiate agricultural and industrial tariffs as a single "package". It will be U. S. policy to avoid foreign moves to separate the final settlement of agricultural and industrial products. We--agriculture and industry--have mutual stakes in liberal trade.

In the meantime, as we negotiate for access, market building will continue both in the industrialized and in the less-developed parts of the world.

Before I close, I want to review quickly our P. L. 480--Food for Peace Program. Although this activity is not of primary concern in this dollar-market conference, it has long-range relevancy to dollar-market expansion.

The purpose of the Food for Peace Program is to use surpluses constructively. I can think of no more constructive use for food than combatting malnutrition, hunger, and starvation around the world. We have the highest humanitarian motives in using food to fill human stomachs, and this will continue to be our paramount objective.

At the same time, we are finding that bread cast upon the waters is being returned to us in other ways.

Our Food for Peace exports, which have been running at the rate of about \$1.5 billion annually, are promoting economic growth in Asia, Africa, and

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Latin America. Economic growth, as I mentioned earlier, is a necessary pre-condition for commercial trade. A substantial part of the foreign currencies generated by Food for Peace shipments are being loaned or granted back to the less-developed countries to finance economic expansion projects. Some of the donated foods are being used directly as part payment of wages on public works projects. Our supplies, furthermore, are combatting inflation of food prices, and thus are helping governments of the less-developed countries stretch their wage dollars further.

We found out in the years following World War II that economic aid to Western Europe and Japan enabled those war-torn areas to become enormous buyers of our agricultural and industrial products. We are finding today that several countries in which Food for Peace has been an important component of U. S. economic aid are buying more and more U. S. goods for dollars. Spain, for example, has become a \$70 million-a-year cash market for U.S. farm products. Israel is coming up rapidly as a dollar purchaser. Greece and Formosa are stepping up their cash buying.

Food for Peace also has brought us some substantial balance of payment benefits. During the fiscal year 1963, foreign currencies generated by P. L. 480 sales abroad were used to pay an estimated \$250 million worth of U.S. bills overseas. These bills involved such items as embassy expenses, educational exchange programs, American-sponsored schools, and, as I previously mentioned, market development activities.

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In economic development, supported in part by Food for Peace, lies our real, long-time prospect for major market expansion. People who are learning to want more and better food, and who are developing their economies to the point where they can purchase that food, will eventually expand the whole normal trade circle of the United States and of the world.

As I consider export trade in its broadest implications, I am encouraged. There is something inevitable about trade. When some people want and need products--and when other people have those products and want to sell them--trade is a foregone conclusion. It is up to us to make sure that the inevitable happens as rapidly as possible.

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U.S. Department of Agriculture
Office of the Secretary

SEP 25 1963

U.S. DEPARTMENT OF AGRICULTURE
NATIONAL SECRETARY
C & R-ASF
The job of learning to be Secretary of Agriculture is one which never ends.

I have learned some things that I did not anticipate when I went to Washington.

First, and most important, I have found that the distance from my desk to your farm cannot be described by measuring it in miles.

Second, I have found that when people say the Secretary of Agriculture has an impossible job, they describe at the same time the conditions under which the individual farmer is working today. If a farmer's head aches with worry, mine aches too, for many of the problems which individual farmers find they cannot successfully cope with, sooner or later become the property of the Secretary of Agriculture.

I am here today to listen. I will be hearing from farmers across the country in the weeks ahead -- not so much about "Agricultural Problems" -- but about "Farm Problems". I need to find out what you are concerned about, and what you are pleased about -- to hear your questions and to answer them if I can. I have come to look at farming through your eyes, and to give you in return, a glimpse of agriculture from where I sit in the Nation's Capital. Though we look through somewhat different windows, we must finally have the same view if we are to solve problems and make progress.

Although we approach the problems of the farmer and farming from different positions -- I from my desk and you from your field -- neither farmers nor the Secretary of Agriculture have any alternative but to seek

Address by Secretary of Agriculture Orville L. Freeman at the Rural Report and Review Meeting, Fairgrounds Youth Building, Monticello, Iowa, 2 p.m. (CST)
Wednesday, September 18, 1963.

responsible and workable solutions to farm problems. This meeting will help me to maintain adequate communication regarding our mutual problems -- our common concern. I hope it will help you too.

I want you to know too, that I think of farming not only in national and international terms but also in terms of the farm my grandfather homesteaded at Zumbrota, Minnesota, where I worked as a boy and which I dearly love.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in 10 years which match the events that once required centuries.

This kind of experience is hard to adapt to -- and hard to put into words. So we tend to tell each other about our frustrations instead of our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and workable and responsible policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit. When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the farmer wants to produce all he can and to have the public pay a high price for it either in the market or through price support programs. This is a cynical distortion -- a quick, flippant way of describing a problem that you feel and I feel as a hard knot in the pit of our stomach.

I see and hear distortions like this every day, and when I do, I know that it widens rather than narrows the gap of understanding we must close if the American people are going to deal adequately with the challenge of abundance. It is a challenge to us all -- farmer, lawyer, merchant, mechanic, engineer and housewife.

Thus, I am here not only to shorten the distance between my desk and your farm, but also through the press, radio and television to encourage other people to listen to what you have to say. Out of this can come further progress toward better farm income, better rural communities, and a better farm-city relationship.

This has worked in the past. I recall that before going to Washington in 1961, I talked with many farmers who said that something must be done soon or else they would have to quit farming.

What they were talking about in very simple and direct terms was this: By 1961, corn stocks were 2 billion bushels; total feed grain supplies had built up to a record 85 million tons. We were nearing the danger point where this massive supply would break out and flood the market.

The signs were all there -- feed grain prices had trended lower each succeeding year; we were entering a new crop year with all available storage space in use; storage costs were becoming intolerable. Binsites dotted the landscape everywhere, constructed on an emergency basis year after year to store the newest addition to surplus stocks. Unless we could get swift and effective legislation, grain stocks would increase further. The consequences for the grain producer, the livestock farmer, and eventually the grain storage industry were going to be disastrous.

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As you remember, the emergency feed grain bill was passed by the Congress early in 1961 -- in record time. It was the first major piece of legislation which President Kennedy signed, and it has been one of the most durable. In its first year, because of your cooperation and despite record yields, it was a far greater success than we had anticipated. Its reputation as one of the most popular and effective programs ever available to Corn Belt farmers is well deserved. It is no accident that half the farms in Iowa participate in the program.

The emergency feed grain program would have been a success if it had simply balanced production in 1961 with consumption. Instead, the program reduced feed grain stocks by some 13 million tons, about 400 million bushels. The downward pressure on grain prices eased, and the threat to livestock growers was eased as well. Today, with corn surpluses nearly eliminated, corn prices -- in Iowa or in Chicago -- are at the highest levels in five years. This is the best possible insurance against any serious break in the price of cattle and hogs, and against demands for support programs for cattle and hogs.

The feed grain program, continued in 1962 and 1963 with relatively minor changes, is now in effect through 1965. It has reduced feed grain stocks by almost a third -- and promises to wipe out the stored surplus by 1965. Grain has moved out of storage and into use. Farm incomes have been boosted. Today, a big corn crop is good news -- not another milestone on the road to farm disaster.

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From your farms early in 1961 you probably saw the feed grain problem as low corn prices in a period of rising costs, and as a threatening flood of grain which could wreck your hog and cattle markets if it ever broke loose. Individually, there wasn't much anyone of you could have done about it except to plant your crop, and sit and watch things go from bad to worse.

I saw the problem early in 1961 as a threat to farm income, and thus to your prosperity and that of rural communities. It was compounded by the total lack of storage space for an additional 300-400 million bushels of grain which would be added to surpluses from a crop that was going to be planted within a few weeks early in 1961.

I remember my initial deep worry that the first thing the new Secretary of Agriculture would face would be grain rotting on the ground because there was no storage space for it. Today I no longer have that problem. Instead, we have about 1 billion bushels of storage space -- filled by CCC grain in 1961 -- available to farmers and the trade, in addition to expanded grain storage facilities on farms. Most of the bushels of stored corn is on farms -- where it belongs -- or in binsites near the farms where it was produced and where it will be used. Only 25 percent of all corn stocks today are in commercial storage.

Another crucial problem facing the Secretary of Agriculture in January 1961 was the wheat situation. Wheat farmers had a program that called for acreage allotments with price supports. But bigger wheat surpluses, further expansion of storage, and eventual price disaster were built into that program.

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Over the years, as yields improved, it had become clear that the wheat program -- which was enacted in 1938 -- could no longer cope with the problem of expanding wheat production in a domestic market which required about the same amount of wheat in 1961 as in 1900. As a result, we had 1.4 billion bushels of wheat in storage in 1961 -- enough to fill our domestic needs for more than two years. More than 1.1 billion bushels was Hard Red Winter wheat largely from the Central Plains -- nearly four years' supply for domestic and dollar export markets.

The problem may have looked somewhat different from the farm. A two-year supply of wheat was only a remote threat to wheat prices since it was isolated from the market by the price support program. It did act as a damper on prices, but supports maintained prices fairly well. Acreage was already cut one-third below 1953, and farmers wanted acreage to go up -- not down.

So on my doorstep in January 1961, I found twins -- feed grains and wheat. The two problems were similar. Like feed grains, the wheat surplus wouldn't simply go away; it could only get worse as it had done year after year in the 1950's. It was, and is, a threat to farm income, and thus to the prosperity of the rural community. Wheat supplies filled all available storage space. But even more serious, unless changes were made, 100 to 200 million bushels of wheat would have been added to already record stocks each year.

The course which had been set for wheat as well as for feed grains in the 1950's could not be continued. Recognizing this, Congress enacted an emergency program for wheat also in 1961. This program was later extended to the 1963 crop. Together with expanded exports, it has reduced wheat stocks by about 250 million bushels. A further sharp reduction is assured by mid-1964. With the large

exports which seem to be assured by current conditions in Europe, the wheat carryover will fall to about 1 billion bushels next year. This is good news for farmers, for taxpayers, and for the world wheat market.

In addition to the emergency programs for wheat, Congress approved a long range program. Failure to secure approval of the 1964 wheat program in the referendum has dimmed the prospects both for supporting wheat incomes and for reducing wheat stocks in 1964. However, I am confident that we can avoid further increases in wheat stocks next year if participation continues at a high level in the feed grain program. The Department of Agriculture will do everything possible within existing authority to hold up wheat prices in 1964, and to expand wheat exports.

Overall, the programs in wheat and feed grains since 1960 have reduced grain stocks by about one billion bushels, contributing to a better balance between supply and demand. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962, and they are providing savings in storage costs and shipping charged of more than \$800,000 a day.

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This, I believe, shows one way in which the commodity programs can work to help the farmer and the public. I'd like to cite another example of the manner in which our efforts to reduce the surpluses have worked to the benefit of the farmer.

Do you remember in early 1961 how soybean prices shot up... after most farmers had sold their beans? You lost potential income, and the United States lost dollar markets abroad because there were not enough beans to meet the demand. In order to correct this situation, I raised soybean price supports from \$1.80 to \$2.30 a bushel for the 1961-62 marketing year. I wanted to insure that farmers got a better price for their beans, and also I wanted to insure we would have the beans to sell in a rapidly expanding world market.

I doubt that anything I have done as Secretary has brought a louder or more immediate critical outcry. But when the results were totaled, the farmers had earned \$400 million more from soybeans grown in 1961 than they did from the 1960 crop. We expanded export markets, the soybean carryover was minimal, and all the criers of doom and gloom had long red faces.

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This, too, is an example of price support as a positive instrument used to help improve the economic position of farmers. Farmers responded to good prices and to price supports to produce more soybeans -- an example of positive and personal supply management in the best tradition of a free agriculture.

With each commodity -- feed grains, wheat, and soybeans -- you have seen the problems and the opportunities in a somewhat different way than I have had to view them. But the programs established and actions taken are succeeding because they are solutions which you from your farm and I from my desk can recognize as workable solutions and responsible actions.

I am here today primarily to discuss where we are going -- not where we have been. I know...and you know...that we continue to face critical and serious problems. We need to discuss them...and I want to listen to what you have to say about them. Your "farm problem" and my "agricultural problem" originate from the same source. It is simply that the total capacity of agriculture to produce has outrun the ability of the American people and our dollar export markets and our Food for Peace program to consume what can be produced. It is a problem that can't be pushed under the bed. We have to look at it together, and I have to look at it from the standpoint that if every farmer produces all he can, no farmer is going to get a good price for what he produces.

Now, when I point to the initial improvements -- the first steps away from potential disaster -- I am constantly mindful that some of these gains have been bought at a high price.

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Under the voluntary feed grain program, for example, about 20 million acres formerly in corn, sorghum, and barley will need to be taken out of production each year for an indefinite time if present levels of income are to be maintained and if new surpluses are to be avoided. This will require large expenditures -- perhaps three-quarters of a billion dollars per year for payments to insure voluntary participation. Once the surplus is gone, we can spend less than we have been spending, and far less than some other approaches would cost. But the feed grain program will still cost a lot of money.

From where I sit, I realize that there is a limit to what we can spend for farm programs. Farmers deserve and can expect fair treatment, but we deal with an urban society -- and a Congress made up increasingly of city Congressmen.

Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who can be classed as farm or rural. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be united by a divided agriculture, or an agriculture not attuned to the rest of the economy. It is very clear that we must persuade, and no longer can expect to get Congress to respond to the power of what was once called the farm bloc.

Another major factor in the unfinished business of agricultural policy is the wheat situation. In May the farmers rejected a wheat program which would have continued to reduce surpluses, maintained incomes at recent levels, and gradually reduced costs to the Government. As a result, wheat farmers this fall are planting a crop for which the price support will be about \$1.25 per bushel and for which market prices are expected to be very low.

We have heard little from farmers about wheat since the Referendum. Members of Congress report that their mail has been light with respect to wheat this year. Some say that this means that the wheat farmers are satisfied with the program which is in effect as a result of the Referendum. Others say that the wheat farmers will not realize the implications of the new situation until next harvest when the crop is big and the price is low. I am here because I want to hear what you have to say.

I also want to hear what you have to say about some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun abroad a basic program to encourage and assist local leadership in the rural community to develop new job opportunities for farmers and non-farmers -- and for their sons and daughters. This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry... from improved housing to modern community water systems...from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

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I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly, with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp program on a pilot basis in 43 areas around the country, helping 358,000 persons in low income families to increase their purchases of food products they need. More than 6 million needy people are aided by the Department's food distribution program each month, and 18 million school children are once more benefiting from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most nutritious meal they get. If history remembers our nation kindly, the willingness of the American people -- and American farmers -- to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years. These problems and opportunities have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.

U. S. Department of Agriculture
Office of the Secretary

OCT 2 - 1963

18, 1963

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The job of learning to be Secretary of Agriculture is one which never ends. I have learned some things that I did not anticipate when I went to Washington.

First, and most important, I have found that the distance from my desk to your farm cannot be described by measuring it in miles.

Second, I have found that when people say the Secretary of Agriculture has an impossible job, they describe at the same time the conditions under which the individual farmer is working today. If a farmer's head aches with worry, mine aches too, for many of the problems which individual farmers find they cannot successfully cope with, sooner or later become the property of the Secretary of Agriculture.

I am here tonight to listen. I will be hearing from farmers across the country in the weeks ahead -- not so much about "Agricultural Problems" -- but about "Farm Problems." I need to find out what you are concerned about and what you are pleased about -- to hear your questions and to answer them if I can. I have come to look at farming through your eyes, and to give you in return, a glimpse of agriculture from where I sit in the Nation's Capital. Though we look through somewhat different windows, we must finally have the same view if we are to solve problems and make progress.

Address by Secretary of Agriculture Orville L. Freeman at the Rural Report and Review Meeting, Memorial Hall, Salina, Kansas, 8:00 P.M., CST, Wednesday, September 18, 1963.

Although we approach the problems of the farmer and farming from different positions -- I from my desk and you from your field -- neither farmers nor the Secretary of Agriculture have any alternative but to seek responsible and workable solutions to farm problems.

I want you to know too, that I think of farming not only in national and international terms but also in terms of the farm my grandfather homesteaded at Zumbrota, Minnesota, where I worked as a boy and which I dearly love. This meeting will help me to maintain adequate communications regarding our mutual problems -- our common concern. I hope it will help you too.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in 10 years which match the events that once required centuries.

This kind of experience is hard to adapt to -- and hard to put into words. So we tend to tell each other about our frustrations instead of our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and responsible workable policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit.

When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the

Freeman, O. L. Address at the Rural Report
and Review Meeting, Salina, Kansas, September
18, 1963. Washington, U. S. D. A., Off. Sec.,
1963. 11 p. calno

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Situation and outlook



farmer wants to produce all he can and to have the public pay a high price for it either in the market or through price support programs. This is a cynical distortion -- a quick, flippant way of describing a problem that you feel and I feel as a hard knot in the pit of our stomach.

I see and hear distortions like this every day, and when I do, I know that it widens rather than narrows the gap of understanding we must close if the American people are going to deal adequately with the challenge of abundance. It is a challenge to us all -- farmer, lawyer, merchant, mechanic, engineer and housewife.

Thus, I am here not only to shorten the distance between my desk and your farm, but also through the press, radio and television to encourage other people to listen to what you have to say. Out of this can come further progress toward better farm income, better rural communities, and a better farm-city relationship.

This has worked in the past. I recall that before going to Washington in 1961, I talked with many dairy farmers who said that something must be done soon or they would have to quit farming. I talked with wheat producers who knew that something would have to be done soon about the wheat surplus.

Wheat was one of the most crucial problems facing the Secretary of Agriculture in January 1961. Wheat farmers had a program that called for acreage allotments with price supports. But bigger wheat surpluses, further expansion of storage, and eventual price disaster were built into that program.

Over the years, as yields improved, it has become clear that the wheat program -- which was enacted in 1938 -- could no longer cope with the problem of expanding wheat production in a domestic market which required about the same

amount of wheat in 1961 as in 1900. As a result, we had 1.4 billion bushels of wheat in storage in 1961 -- enough to fill our domestic needs for more than two years. More than 1.1 billion bushels was Hard Red Winter wheat largely from the Central Plains -- nearly four years' supply for domestic and dollar export markets.

The problem may have looked somewhat different from your farm. A two-year supply of wheat was only a remote threat to wheat prices since it was isolated from the market by the price support program. It did act as a damper on prices, but supports maintained prices fairly well. Your acreage was already cut one-third below 1953, and you wanted acreage to go up -- not down.

You may have seen the problem differently also because there are many different types and classes of wheat grown throughout the country. Producers in every area have been told that "your wheat is the best there is, and there will always be a demand for it." Since there was little that an individual farmer could do about the overall wheat surplus, he might as well believe that the problem really belonged to someone else.

The wheat surplus left over from the 1950's wouldn't simply go away; it could only get worse as it had done year after year in the 1950's. It was, and is, a threat to farm income, and thus to the prosperity of the rural community. Wheat supplies filled all available storage space. But even more serious, unless changes were made, we could expect 100 to 200 million bushels of wheat to be added to already record stocks each year.

The course which had been set for wheat in the 1950's could not be continued. Recognizing this, Congress enacted an emergency program for wheat as well as for feed grains in 1961. This program was later extended to the 1963 crop. Together with expanded exports it has reduced wheat stocks by about 250

million bushels. A further sharp reduction is assured by mid-1964. With the large exports which seem to be assured by current conditions in Europe, the wheat carryover will fall to about 1 billion bushels next year. This is good news for farmers, for taxpayers, and for the world wheat market.

In addition to the emergency programs for wheat, Congress approved a long range program. Failure to secure approval of the 1964 wheat program in the referendum has dimmed the prospects both for supporting wheat incomes and for reducing wheat stocks in 1964. However, I am confident that we can avoid further increases in wheat stocks next year if most wheat farmers plant within allotments as now indicated, and if participation continues at a high level in the feed grain program. The Department of Agriculture will do everything possible within existing authority to hold up wheat prices in 1964, and to expand wheat exports. We started to do this the day after the referendum by assuring the continuation of the International Wheat Agreement, and by assuring farmers that CCC stocks will not be dumped on the market.

Feed grains were in similar trouble in 1961. Corn stocks were 2 billion bushels; sorghum grain supplies amounted to $1\frac{1}{2}$ years' supply. We were nearing the danger point where these massive supplies would break out and flood the market. The signs were all there -- feed grain prices had trended lower each succeeding year; we were entering a new crop year with all available storage space in use; storage costs were becoming intolerable. New binsites and new grain elevators dotted the landscape everywhere. Unless we could get swift and effective legislation, stocks would increase further. The consequences for the grain producer, the livestock farmer, and eventually the grain storage industry were going to be disastrous.

(more)

USDA 3130-63

As you remember, the emergency feed grain bill was passed by the Congress early in 1961 -- in record time. It was the first major piece of legislation which President Kennedy signed, and it has been one of the most durable. In its first year, because of your cooperation and despite record yields, it was a far greater success than we had anticipated. Its reputation as one of the most popular and effective programs ever available to farmers is well deserved. It is no accident that half the farms in Kansas participate in that program.

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From your farms early in 1961 you probably saw the feed grain problem as low prices in a period of rising costs, and as a threatening flood of grain which could wreck your hog and cattle markets if it ever broke loose. Individually, there wasn't much anyone of you could have done about it except to sit and watch things go from bad to worse.

I saw the problem early in 1961 as a threat to farm income, and thus to your prosperity and that of rural communities. It was compounded by the total lack of storage space for an additional 300-400 million bushels of grain which would be added to surpluses from a crop that was going to be planted within a few weeks early in 1961.

I remember my initial deep worry that the first thing the new Secretary of Agriculture would face would be grain rotting on the ground because there was no storage space for it. I no longer have that concern, at least. Today we have about 1 billion bushels of space -- filled by CCC grain in 1961 -- available to farmers and the trade, in addition to expanded grain storage facilities on farms. Most of the bushels of stored corn is on farms -- where it belongs -- or in binsites near the farms where it was produced and where it will be used. Only 25 percent of all corn stocks today are in commercial storage.

Overall, the programs in wheat and feed grains since 1960 have reduced stocks by about one billion bushels, contributing to a better balance between supply and demand. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962, and they are providing savings in storage costs and shipping charges of more than \$800,000 a day.

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(more)

USDA 3130-63

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Now, when I point to the initial improvements -- the first steps away from potential disaster -- I am constantly mindful that some of these gains have been bought at a high price.

Under the voluntary feed grain program, for example, about 20 million acres formerly in corn, sorghum, and barley will need to be taken out of production each year for an indefinite time if present levels of income are to be maintained and if new surpluses are to be avoided. This will require large expenditures -- perhaps three-quarters of a billion dollars per year for payments to insure voluntary participation. Once the surplus is gone, we can spend less than we have been spending, and far less than some other approaches would cost. But the feed grain program will still cost a lot of money.

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USDA 3130-63

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Thank you for listening to me.

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Office of the Secretary

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21, 1963
PM It is always good to return to the Midwest -- particularly at this time of the year when the corn and soybeans are ready for harvesting. I have recently returned from a month-long trip to a part of the world where the harvesting does not look as good as it does here. That is the world behind the Iron Curtain.

The Soviet Union and the other four countries that our party of agricultural experts visited are a different world. This is particularly apparent to an American Secretary of Agriculture whose main problems at home are connected with over-abundance. In the Communist countries of Eastern Europe -- without exception -- farmers and agricultural and political officials are trying to figure out ways of increasing production.

They are literally straining every resource to produce more and more of everything. How they would envy the lush fields of corn that you grow with such great facility -- and they grow with such great difficulty! One of their main problems, of course, is a short growing season. All of the Soviet Union, except for a small tip of desert soil in Central Asia, is north of Vandalia -- and most of the producing land is far, far north of your latitude. Moscow is about 400 miles farther north than Winnipeg, Canada.

The weather is always a threat in the continental climate of the U.S.S.R. Winters are long and cold and capricious, and rainfall in the growing seasons is sometimes nonexistent in regions where it is needed most. Last summer, for example, there was a serious drought in some of the grain areas, and that was followed up by one of the worst winters in years. While the principal objective of my trip was a long-range look at the agricultural potential -- not a short-term

Address by Secretary of Agriculture Orville L. Freeman at the National Plowing Contest, Vandalia, Illinois, September 21, 1963, 2:00 P.M. (CST).

crop assessment, which would have been impossible under the pressures of time and area coverage --- I nonetheless learned about crop problems anticipated this year. They are problems that apparently are more serious than the Russians disclosed at that time. In recent days they have been buying large quantities of free world wheat -- possibly in part to fulfill their shipping commitments to other Communist countries that depend upon them for grain.

A high Soviet official told us that in the Ukraine -- the traditional breadbasket of Russia -- there was a thaw last January, which was followed by a hard freeze that kept the winter wheat under ice through most of February. He said the result of this was either winter kill, which was resown to other crops this spring, or a wheat yield that was reduced by 4½ to 6 bushels per acre.

In all of the agricultural regions that we visited, we discovered a shortage of rainfall which threatened crops planted this spring. We were told that moisture had been very short in the current growing season in an important spring wheat area of the "new lands" near Orenburg. In many areas, the drought continued well into August.

It is apparent that adverse weather and faulty production practices, such as lack of summer fallowing in the dry regions, has caught up with the Russians in the form of several successive mediocre crops. Undoubtedly this has eaten into their reserves and forced them to order large grain imports in recent days. However, since the Soviet government does not publicize its figures on reserves and has not issued production totals this year, we can only guess at the extent of the 1963 crop damage.

In the United States, we are fortunate to have a different set of problems. We must deal with surpluses and try to adjust the almost irrepressible

tendency of American farmers to produce more than we can use and thus force down prices and farm income.

Since 1932, we have taken about 75 million acres out of production. In the same years, the Russians have put 150 million additional acres into production.

I have said, only partly in jest, that a United States Secretary of Agriculture returning from a Communist country needs to undergo a de-briefing because the farm problems of the two worlds are so dramatically different. The shock of readjustment is almost that great.

I might express the opinion, too, that the food problems of the Communist countries are easier to understand. It's easy for farmers anywhere in the world to understand why they should produce more, but it's much more difficult to appreciate a need to produce less. American farmers feed us better and more cheaply in proportion to our income than any other farmers in the world today, or in all of history. They have earned the sympathetic appreciation of the American people. But few Americans understand the dilemma of a farmer who wants to use all of his land efficiently and produce food to his maximum ability -- and yet who knows that, if he does, he will produce more than can be sold at a fair profit.

Unfortunately, this dilemma is being distorted, for the U. S. farmer is usually pictured not in terms of this economic crisis, but rather as a man who wants only a subsidy.

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Nevertheless, despite all our difficulties, I am glad that we have our food problem of abundance and not theirs of scarcity.

That brings me to the four points I should like to make here today:

First: There are contrasts between our systems -- agricultural contrasts and political contrasts.

Second: There are benefits -- mutual benefits -- to be derived from maintaining and even expanding contacts with the people of Eastern Europe.

Third: The spirit of individualism is hard to eradicate from the human breast -- even in collectivized nations.

And Fourth: In the economic war which Khrushchev is launching, American agricultural productivity is one of our most potent weapons.

But before examining those points, I want to talk with you for a few moments about my visit to the Communist world -- especially to the Soviet Union. Not to give you a detailed or scholarly analysis of Soviet agriculture -- but just to give you some of my impressions of farming in a collectivized economy.

I consider it my job as Secretary of Agriculture to know what goes on in agriculture everywhere in the world in terms of the position of our country with relation to all others. Eastern Europe is both a customer and a competitor today, and promises to become a more important one in the future. It is the most powerful bloc outside of our own country, and agriculture, in which about half of its people are engaged (as compared with 8 percent of our people), is a vital part of the life and economy of those Communist countries. It is part of my job to know all I can about it.

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We traveled widely, and we worked early and late. We talked to people-- to peasants and to collective farm chairmen and to political leaders. We sat down at tables and toured experiment stations and tramped the fields with them. We asked detailed questions about their planning and organization -- about their machines and cultural practices -- about their system and how it is organized and how it works. We asked about research, institutions, techniques, and about their adjustments to local conditions.

I don't claim to have become an expert in 30 days. But with me I had distinguished specialists in several phases of U. S. agriculture and Soviet agriculture. Our party was able to split up at various points, and so I had the benefit of several pairs of eyes trained in science, in agricultural engineering, and in economics.

We flew 6,000 miles in the Soviet Union alone, in Russian commercial airplanes. One time, I recall, we landed on a grass runway in a heavy, four-engine, turbo-prop airplane. We stirred up enough dust -- believe me -- to have accounted for a recent Soviet conference on wind erosion. The Russians are beginning to be concerned about the effects of wind erosion and dust storms in these so-called "new lands" which were first broken to the plow in 1954 and which have given them 100 million additional acres of grain production, mostly wheat. We were the first American delegation to stop at that frontier-type city of Orenburg -- on the hot, dry, flat plains, or steppes -- since the Hoover famine relief commission visited there after World War I.

Our experts were critical of some of the cultural practices followed in this new lands area, where there is virtually no rain during July and August.

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We think they plow too deep, and plant too deep, and use too much seed. Yet we found these same cultural methods followed in the dry land areas all over the U.S.S.R. Apparently they have been decreed in Moscow. A lack of local decision-making -- a lack of flexibility -- appears to be one of the great weaknesses of the socialist system.

Next we flew south and east into Central Asia, into the parched desert land of Uzbekistan, where the Russians grow irrigated cotton. It was 104 degrees the day we landed there.

Then we began to circle back, stopping in the Krasnodar region -- in their corn belt -- which is at about the same latitude as Minneapolis, Minn. The countryside looks much like central Illinois, except that you don't see any soybeans. Again, there is no rainfall during the late summer growing season, and soybeans don't thrive there. The Russians get two-thirds of their vegetable oil from sunflowers.

Our next stop was in the Ukraine. Then on to Belorussia, Leningrad, and back to Moscow.

Besides flying over vast distances, we rode hundreds of miles over bumpy roads and tramped countless steps through endless fields and milk sheds and hog barns. Our first stop in the new lands was at a 275,000 acre state farm (more than half as large as all of Fayette County), with 150,000 acres planted to spring wheat and other crops. Can you imagine the administrative problems in running a farm that size?

We spent 18 days in the Soviet Union, topping off our visit with a two-hour conference on agricultural problems with Premier Khrushchev. Then we

spent a total of another 12 days in Poland, Rumania, Bulgaria, and Yugoslavia. In those countries we also had conferences with the top political and agricultural leaders, and saw their farms and institutions. We arrived home exhausted. But it was worth the effort. We had learned a lot.

Now, let us take up the first of my four points -- the contrasts in our systems.

I returned from this revealing survey of socialist farming with my conviction reinforced that there is no more efficient and effective system of agriculture than the American family farm. Agricultural output is one of the proudest achievements -- indeed, one of the miracles -- of the American economy. It is a testimonial to the incentives of free enterprise. Under it, our farmers have something to work for which is lacking in collective systems.

Compare the results, if anyone doubts this. Eight percent of our population feeds our 185 million people, with enough left over to furnish food and fiber for a Food for Peace program which is active in 100 countries, plus ample reserves against emergency at home. This compares with 50 percent of the Soviet population producing a far less satisfactory and more expensive diet. One U. S. farmer feeds 27 people, one Russian farmer 6 people. The American consumer spends only 19 percent of his disposable income for a well-balanced, attractive diet that comes to him in handy packages and cans and in frozen and convenient forms. The Soviet people, on the other hand, spend nearly half of their income on foods that run heavily to cereals and starch. Canned and frozen foods are not to be found in their stores.

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We gathered additional evidence of the American farmer's ability to outproduce the Russians in the food price comparisons that we made in Soviet cities. One of their principal foods, bread, costs 65 cents for a two-pound loaf, as compared with 39 cents here. You see people buying just one or two eggs, at 10 to 12 cents each for medium size; our large eggs are 5 cents each. Lard costs \$1 a pound in Moscow (they use a great deal of lard), and 15 cents in Washington. Remember also that they pay these much higher prices from salaries that are much lower than ours on the average.

Our consumers would be more appreciative of the low food prices made possible by the American farmer if they went shopping in the U.S.S.R.

Premier Khrushchev acknowledged to me that American agriculture is at a higher level than Soviet agriculture, but he credited the U. S. advantage to our "riches," not to our system. I told him I disagreed with him, and gladly accepted his challenge when he said the Soviet Union intends to overtake and pass us in agriculture by 1970.

This kind of peaceful competition, I welcome. I do not believe that the socialist system of planning -- as cumbersome and inefficient as I saw it to be -- will ever be able to compete with our individualistic family farm agriculture and its built-in incentives. The Russians have said many times before what they intend to do in agriculture, but they continue to trail further behind us.

Our two-hour conference was friendly, but we did needle one another a few times about the respective merits of our two systems. I offered to sell him some poultry, but he told me that all he wanted to buy -- all he had money for --

was production equipment, such as fertilizer plants, chemical plants, and feed mixing plants. He said he plans to invest more than 6 billion dollars in fertilizer production in the next five years in order to increase production from 20 million to 100 million tons a year. Even if he could increase the production that fast -- which I doubt -- I suspect, from our own longer experience with fertilizers, that his less efficient farmers could not learn to use it properly in such a short time.

It was good news, however, to hear him say that he intends to use his money for fertilizer plants instead of rockets. He said he is "fed up" with rockets and the Soviet Union has enough of them. Khrushchev said also that he prefers competition for wheat and beef production to competition for atomic weapons. I hope he means it.

The organizational bases of agriculture in the United States and Russia are entirely different, of course. Farm land in the Soviet Union is nationalized, which is one way of saying that the state owns all the land. There are two types of farms there -- state farms, which are managed by the state and operated by workers hired for wages -- and collective farms, which theoretically are run by an elected chairman and by vote of the members. Both kinds of farms must produce certain quotas of commodities for the state, however, and state inspectors check carefully on the operations of the collective farms. This is in sharp contrast to our family farm system, based on private ownership.

Not only is Soviet agriculture different -- the farmers are different. There are obvious contrasts in the training and background of U. S. and Russian farmers. The American farmer's capabilities are much broader and his management

skills much greater. We observed very few farmers who could come near to matching the American farmer with his working knowledge of agronomy, mechanics, veterinary science, business management, and the like.

The Soviets are trying to concentrate on agricultural education and they now have about 100,000 specialists of various kinds -- agronomists, tractor specialists, animal husbandrymen, business managers, and so forth -- stationed on or available to their 50,000 state and collective farms. But the American farmer wraps up all these specialties in one man, to an amazing degree.

The Russians are using much more marginal land, and weather conditions, as I said, are less advantageous than in the United States. This difference in climate is a very real factor, and it is only fair to recognize this and to be grateful for the rich blessings of climate and soil that we have in this country.

At Krasnodar, in the corn belt, we visited a research institute that has done a great deal of work with hybrid corn, -- and here the American influence was pronounced. For areas with a short growing season, the scientists at Krasnodar recommend a hybrid variety developed in Minnesota. Where the season is longer, they recommend Wisconsin and Illinois varieties. Hybrids are now used on about 70 percent of Soviet corn acreage, and within a very few years, we were told, they will be used almost exclusively.

At the Krasnodar institute, the outstanding achievement is a new beardless wheat -- one of the parents of which was an American variety. This new wheat which is the only one used throughout a large region in Russia and which has spread to Hungary, Bulgaria, and Rumania, is claimed to have increased yields 35 percent.

The mention of Midwest corn varieties in Russia leads me naturally into my second point -- about the benefits to be derived from continued and expanded scientific, technical, cultural, and people-to-people contacts with other countries -- including countries with a political system much different from ours.

We ought not to be fearful of the interchange of ideas. Agriculture is a peaceable pursuit. It is an "open window" between East and West. Its scientific innovations are published in agricultural journals for all the world to see and to read. We discovered again and again that the Des Moines newspapers are well known in the Soviet Union because they proposed the idea of exchanges between the two countries some years ago.

Keeping diplomatic and personal lines open between countries is an important way to avoid serious clashes. Witness the new "hot line" between Washington and Moscow; this is regarded as a major step, and rightly so, in preventing accidental or thoughtless adventures that could wipe out most of civilization. I said before that agriculture is a peaceable pursuit. So why can we not have an augmented "peace" line -- an expanded line of agricultural exchanges -- between our two countries? What better way to make sure that no one ever has to make a call on the "hot" line!

The people of the Soviet Union -- even Mr. Khrushchev -- agree with us that American agriculture is the best in the world. It follows, therefore, that perhaps Russian agricultural scientists and practitioners have more to learn from us than we from them. For that reason, we might selfishly say: "Let's go slow on exchanges". But that would be a grave mistake, not only

because our agricultural knowledge is given wide publicity and is translated and studied by the Russians but also because shutting off agricultural exchange would close down lines of international communication over which flows the broad good will that accompanies personal contact. Of course, we can never for an instant let down our own security guard. We must never delude ourselves into thinking that the Communists have abandoned their goal of world conquest -- that would be a negation of Marxism, on which their whole philosophic structure is built.

Both countries benefit from such exchanges. Cross-fertilization of our own ideas and techniques is important to the United States, just as is cross-fertilization of some of our plants and trees.

In Leningrad we visited the All-Union Institute of Plant Industry, which maintains plant exchanges with 80 countries. Scientists are sent out all over the world to collect plants and view the work in agricultural schools and institutions.

Years ago the exchange program between the United States and that Institute was allowed to lapse, but in 1959 this exchange was re-established. Since that time, we have received 2,300 lots in exchange for about the same number sent over there from this country.

We are interested in sending explorers to the Soviet Union to search among wild plants, and we recently concluded an agreement to permit two American scientists to do this. Right now, they are in the Crimea, after having spent several days in the mountains of Central Asia. This can benefit us, since some

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of our wheat and fruit species were developed in that part of the world. By exploring among wild species, we can perhaps find strains that resist diseases and insects -- and which have other desirable characteristics that can be bred into our commercial varieties. We can also search for insect predators and parasites that might be used here to combat our insect pests.

Our explorers have been doing this in other countries -- and we are interested in doing this kind of work within the great land mass that is the Soviet Union. We discussed the possibility of further arrangements of this kind with the Soviets at several levels and found a great deal of interest. I brought it up, then, with Premier Khrushchev, and he replied that plant exploration is important, and that he is in favor of such exchanges.

One of the plant characteristics that we can use in our breeding program was present in some low-growing apples and cherries that we saw in Moscow. These little trees -- which came from Siberia -- are no more than 18 inches off the ground and spread out like a creeping plant. We understood that when winter comes, the snow covers up the whole tree, and it can, therefore, survive -- despite the bitter Siberian winters.

We are interested in learning more about their beardless wheat; and about hard spring wheat we saw at Orenburg that was reported to test at an unusually high protein content. In Bulgaria, we saw a beautiful hybrid tomato which our scientists said was one of the best in the world; Bulgaria exports 250,000 tons of this hybrid annually. At a general agricultural collective in Yugoslavia, we were shown alfalfa and corn pellets that had been developed on the farm. We saw some interesting vitamin pellets developed on a first-rate hog farm in the U.S.S.R.

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What I'm saying is that both nations -- all of our nations -- can benefit from the kind of scientific exchange we are trying to enlarge.

The third point I want to make -- and it is an encouraging one -- is that even under a Communist system that has survived for a generation and a half, as it has in Russia, a feeling of individualism continues to be a part of the human spirit.

The success of the small private plot is an example. In the Soviet Union a collective farmer may cultivate a little more than two acres, and a worker on a state farm about a third of an acre for himself.

Although private farm plots are not officially encouraged and do not benefit from the government's extension service, these small private enterprises are very productive and make up a significant part of agricultural production in the U.S.S.R. because they give individual farmers a chance to exercise their own initiative.

I want to mention one other item on the durability of the human spirit. The first collective farm we visited in Poland had over the mantelpiece not the inevitable picture of Lenin which we saw everywhere in the U.S.S.R. but, instead, a crucifix.

In the Soviet Union it is possible, though not always easy, to attend church services. In Minsk, for example, Mrs. Freeman asked the Agriculture Minister at our first briefing session about attending church the following day, which was Sunday. The Agriculture Minister said he was a Communist and did not go to church, and in fact he didn't even know where there was a church,

but that he would find out and see that it was arranged. So she and I went to a service at a Russian Orthodox Church. We had been told ahead of time that we might expect to see only peasant women of advanced years there. We were pleasantly surprised. There were a number of middle-aged men and women, and some young people, too.

The members of our traveling party had many, many visits with everyday citizens in the countries we visited -- people on the farms, in factories, in the streets. Whenever possible, I would say a few words to farmhands, to staff people, or just to curious onlookers, along these lines:

"I bring you greetings from President Kennedy and the American people and expressions of friendship and a desire for peace in the world."

And in each case, the people, many of whom had never seen an American, responded with warm applause and crowded around happily to shake hands.

I must admit that I had not anticipated such a completely friendly response as we received from the Russian people, particularly in view of all the anti-American propaganda calling us imperialist warmongers, that they have heard over the years. We discovered an immense reserve of friendship for the United States among the people themselves. Their talk was always about peace, and they responded spontaneously to the message that President Kennedy and the American people want peace. It is hard for me to communicate the intensity of their feeling about peace.

Then we visited cities that had been destroyed -- leveled to the ground -- in World War II. In those cities, and in that country where 20 million people lost their lives in the war, the memory of total destruction

of life and property is still very real. Kiev, for example, on the Dnieper River, has been mostly rebuilt since 1946. Minsk, a city of 600,000, was a battlefield in World War II, and is still being rebuilt.

We were in Russia at the time the nuclear test ban treaty was initialed. When the news came, I was having a rather technical discussion with the Ukranian Minister of Agriculture in Kiev. The session immediately dissolved into a big round of speeches of friendship. Other members of our party were on a state farm. Applause and shouts of approval greeted the announcement there.

To summarize our agricultural observations, let me point out again that the specialists in our party did not completely agree. But it was unanimous that there has been progress in Soviet agriculture. The extent of this progress, and the amount of future progress to be expected, are more difficult to assess.

It is clear that Soviet science and research have improved, and some of it is good indeed.

It is clear that the Soviets are communicating know-how to farmers and local managers better and more effectively than was the case five to ten years ago.

And it is clear that total production has risen considerably. In the absence of disastrous weather situations, they have the ability to feed their people, although with a very limited diet.

As you might expect, the Soviets are the most successful in producing those crops where production can be routinized and standardized. That is, grain and the row crops -- sugar beets, cotton and sunflowers.

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In the more diversified kinds of farming -- such as livestock, dairying, fruit and vegetables -- they are lagging far behind. Part of the reason is that this kind of farming calls for so many day-to-day and week-to-week decisions on the spot that a remote decision-making process breaks down under its own bureaucratic weight.

Another reason for the Soviet lag is a poor marketing system. This is a big deficit in Soviet agriculture. If you can't market and transport and preserve milk and meat and vegetables -- you can't produce them successfully on a large scale. There is a big shortage of marketing, distribution, storing, and processing facilities.

As for the future, it seems certain that the Soviets will begin to put more of their capital resources into agriculture. So -- while I don't believe that with their system they will ever catch up with us in productivity per man hour -- their total production will continue to increase.

The single greatest impression from my visit to the Soviet Union is that we need to increase our person-to-person contacts with the Russian people -- consistent, of course, with security principles and remembering always that the Communists still are striving to dominate the world. Agriculture offers perhaps our best and most peaceful opportunity to do this.

But the people of the Soviet Union -- as contrasted with their leaders -- don't necessarily share the desire to dominate the world and to "bury" the United States, as Mr. Khrushchev has expressed it. They want peace. They feel a friendliness for Americans.

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Agriculture offers perhaps the best opportunity to meet these people on common terms. The exchange of information on agriculture can be a process of mutual improvement. Every American citizen who goes to the Soviet Union learns something. Russians are strongly impressed by our institutions and our way of life, whenever they have the opportunity to experience them.

I strongly suspect, in the light of Mr. Khrushchev's recent emphasis upon economic targets -- his references to "economic war" and his statement to me that he means to take over our agricultural "priority" by 1970 -- that he now seeks to transform the Cold War into an economic war. This may account for his desire for military peace -- for relief from the economic burdens of building weapons for a nuclear war which might destroy Communism as well as all the Communists.

If Khrushchev wishes an economic war, we are willing and able to take up that challenge. And this is my fourth point -- in such a contest, agriculture will play an important role. American agricultural productivity today has proved its superiority over any Communist system ever devised.

I am certain that this will become more and more apparent to people everywhere -- even to those behind the Iron Curtain -- as they have more and more opportunity to learn about our achievements. In a contest involving either ideology or economics, we can whip the Communists hands down. And in such a contest you, the farmers of the United States, will lead the way.

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U.S. Department of Agriculture
Office of the Secretary

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The job of learning to be Secretary of Agriculture is one which never ends.

I have learned some things that I did not anticipate when I went to Washington.

First, and most important, I have found that the distance from my desk to your farm cannot be described by measuring it in miles.

Second, I have found that when people say the Secretary of Agriculture has an impossible job, they describe at the same time the conditions under which the individual farmer is working today. If a farmer's head aches with worry, mine aches too, for many of the problems which individual farmers find they cannot successfully cope with, sooner or later become the property of the Secretary of Agriculture.

I am here today to listen. I will be hearing from farmers across the country in the weeks ahead -- not so much about "Agricultural Problems" -- but about "Farm Problems". I need to find out what you are concerned about and what you are pleased about -- to hear your questions and to answer them if I can. I have come to look at farming through your eyes, and to give you in return, a glimpse of agriculture from where I sit in the Nation's Capital. Though we look through somewhat different windows, we must finally have the same view if we are to solve problems and make progress.

Although we approach the problems of the farmer and farming from different positions -- I from my desk and you from your field -- neither farmers nor the Secretary of Agriculture have any alternative but to seek

Address by Secretary of Agriculture Orville L. Freeman at the Rural Report and Review Meeting, High School Auditorium, Hannibal, Missouri, Saturday, September 21, 1963, 8:00 p.m. (CDT).

responsible and workable solutions to farm problems. This meeting will help me to maintain adequate communication regarding our mutual problems -- our common concern. I hope it will help you too.

I want you to know too, that I think of farming not only in national and international terms but also in terms of the farm my grandfather homesteaded at Zumbrota, Minnesota, where I worked as a boy and which I dearly love.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in 10 years which match the events that once required centuries.

This kind of experience is hard to adapt to -- and hard to put into words. So we tend to tell each other about our frustrations instead of our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and workable and responsible policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit. When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the farmer wants to produce all he can and to have the public pay a high price for it either in the market or through price support programs. This is a cynical distortion -- a quick, flippant way of describing a problem that you feel and I feel as a hard knot in the pit of our stomach.

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From your farms early in 1961 you probably saw the feed grain problem as low corn prices in a period of rising costs, and as a threatening flood of grain which could wreck your hog and cattle markets if it ever broke loose. Individually, there wasn't much anyone of you could have done about it except to plant your crop, and sit and watch things go from bad to worse.

I saw the problem early in 1961 as a threat to farm income, and thus to your prosperity and that of rural communities. It was compounded by the total lack of storage space for an additional 300-400 million bushels of grain which would be added to surpluses from a crop that was going to be planted within a few weeks early in 1961.

I remember my initial deep worry that the first thing the new Secretary of Agriculture would face would be grain rotting on the ground because there was no storage space for it. Today I no longer have that problem. Instead, we have more than 1 billion bushels of storage space -- filled by CCC grain in 1961 -- available to farmers and the trade, in addition to expanded grain storage facilities on farms. Most of the bushels of stored corn is on farms -- where it belongs -- or in binsites near the farms where it was produced and where it will be used. Only one-third of all corn stocks today are in commercial storage.

Another crucial problem facing the Secretary of Agriculture in January 1961 was the wheat situation. Wheat farmers had a program that called for acreage allotments with price supports. But bigger wheat surpluses, further expansion of storage, and eventual price disaster were built into that program.

Over the years, as yields improved, it had become clear that the wheat program -- which was enacted in 1938 -- could no longer cope with the problem of expanding wheat production in a domestic market which required about the same amount of wheat in 1961 as in 1900. As a result, we had 1.4 billion bushels of wheat in storage in 1961 -- enough to fill our domestic needs for more than two years. More than 1.1 billion bushels was Hard Red Winter wheat largely from the Central Plains -- nearly four years' supply for domestic and dollar export markets.

The problem may have looked somewhat different from the farm. A two-year supply of wheat was only a remote threat to wheat prices since it was isolated from the market by the price support program. It did act as a damper on prices, but supports maintained prices fairly well. Acreage was already cut one-third below 1953, and farmers wanted acreage to go up -- not down.

So on my doorstep in January 1961, I found twins -- feed grains and wheat. The two problems were similar. Like feed grains, the wheat surplus wouldn't simply go away; it could only get worse as it had done year after year in the 1950's. It was, and is, a threat to farm income, and thus to the prosperity of the rural community. Wheat supplies filled all available storage space. But even more serious, unless changes were made, 100 to 200 million bushels of wheat would have been added to already record stocks each year.

The course which had been set for wheat as well as for feed grains in the 1950's could not be continued. Recognizing this, Congress enacted an emergency program for wheat also in 1961. This program was later extended to the 1963 crop. Together with expanded exports, it has reduced wheat stocks by about 250 million bushels. A further sharp reduction is assured by mid-1964. With the large

exports which seem to be assured by current conditions in Europe, the wheat carryover will fall to about 1 billion bushels next year. This is good news for farmers, for taxpayers, and for the world wheat market.

In addition to the emergency programs for wheat, Congress approved a long range program. Failure to secure approval of the 1964 wheat program in the referendum has dimmed the prospects both for supporting wheat incomes and for reducing wheat stocks in 1964. However, I am confident that we can avoid further increases in wheat stocks next year if participation continues at a high level in the feed grain program. The Department of Agriculture will do everything possible within existing authority to hold up wheat prices in 1964, and to expand wheat exports.

Overall, the programs in wheat and feed grains since 1960 have reduced grain stocks by about one billion bushels, contributing to a better balance between supply and demand. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962, and they are providing savings in storage costs and shipping charged of more than \$800,000 a day.

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This, I believe, shows one way in which the commodity programs can work to help the farmer and the public. I'd like to cite another example of the manner in which our efforts to reduce the surpluses have worked to the benefit of the farmer.

Do you remember in early 1961 how soybean prices shot up... after most farmers had sold their beans? You lost potential income, and the United States lost dollar markets abroad because there were not enough beans to meet the demand. In order to correct this situation, I raised soybean price supports from \$1.80 to \$2.30 a bushel for the 1961-62 marketing year. I wanted to insure that farmers got a better price for their beans, and also I wanted to insure we would have the beans to sell in a rapidly expanding world market.

I doubt that anything I have done as Secretary has brought a louder or more immediate critical outcry. But when the results were totaled, the farmers had earned \$400 million more from soybeans grown in 1961 than they did from the 1960 crop. We expanded export markets, the soybean carryover was minimal, and all the criers of doom and gloom had long red faces.

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This, too, is an example of price support as a positive instrument used to help improve the economic position of farmers. Farmers responded to good prices and to price supports to produce more soybeans -- an example of positive and personal supply management in the best tradition of a free agriculture.

With each commodity -- feed grains, wheat, and soybeans -- you have seen the problems and the opportunities in a somewhat different way than I have had to view them. But the programs established and actions taken are succeeding because they are solutions which you from your farm and I from my desk can recognize as workable solutions and responsible actions.

I am here today primarily to discuss where we are going -- not where we have been. I know...and you know...that we continue to face critical and serious problems. We need to discuss them...and I want to listen to what you have to say about them. Your "farm problem" and my "agricultural problem" originate from the same source. It is simply that the total capacity of agriculture to produce has outrun the ability of the American people and our dollar export markets and our Food for Peace program to consume what can be produced. It is a problem that can't be pushed under the bed. We have to look at it together, and I have to look at it from the standpoint that if every farmer produces all he can, no farmer is going to get a good price for what he produces.

Now, when I point to the initial improvements -- the first steps away from potential disaster -- I am constantly mindful that some of these gains have been bought at a high price.

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Under the voluntary feed grain program, for example, about 20 million acres formerly in corn, sorghum, and barley will need to be taken out of production each year for an indefinite time if present levels of income are to be maintained and if new surpluses are to be avoided. This will require large expenditures -- perhaps three-quarters of a billion dollars per year for payments to insure voluntary participation. Once the surplus is gone, we can spend less than we have been spending, and far less than some other approaches would cost. But the feed grain program will still cost a lot of money.

From where I sit, I realize that there is a limit to what we can spend for farm programs. Farmers deserve and can expect fair treatment, but we deal with an urban society -- and a Congress made up increasingly of city Congressmen.

Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who can be classed as farm or rural. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be united by a divided agriculture, or an agriculture not attuned to the rest of the economy. It is very clear that we must persuade, and no longer can expect to get Congress to respond to the power of what was once called the farm bloc.

Another major factor in the unfinished business of agricultural policy is the wheat situation. In May the farmers rejected a wheat program which would have continued to reduce surpluses, maintained incomes at recent levels, and gradually reduced costs to the Government. As a result, wheat farmers this fall are planting a crop for which the price support will be about \$1.25 per bushel and for which market prices are expected to be very low.

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We have heard little from farmers about wheat since the Referendum. Members of Congress report that their mail has been light with respect to wheat this year. Some say that this means that the wheat farmers are satisfied with the program which is in effect as a result of the Referendum. Others say that the wheat farmers will not realize the implications of the new situation until next harvest when the crop is big and the price is low. I am here because I want to hear what you have to say.

I also want to hear what you have to say about some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun abroad a basic program to encourage and assist local leadership in the rural community to develop new job opportunities for farmers and non-farmers -- and for their sons and daughters. This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry... from improved housing to modern community water systems...from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

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I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly, with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp program on a pilot basis in 43 areas around the country, helping 358,000 persons in low income families to increase their purchases of food products they need. More than 6 million needy people are aided by the Department's food distribution program each month, and 18 million school children are once more benefiting from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most nutritious meal they get. If history remembers our nation kindly, the willingness of the American people -- and American farmers -- to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years. These problems and opportunities have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.

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t. 24, 1963
Ladies and Gentlemen. Before I present to you the Number 1 conservationist in the United States, I want to read you a letter. This famous letter dated February 1, 1905, was a letter of instruction from the then Secretary of Agriculture, "Tama" Jim Wilson, to the first Chief of the Forest Service, Gifford Pinchot.

Before I read you a short excerpt from that historic letter, permit me to relate a little history which you may not know. In the early 1900's most of the public land was in the Department of the Interior. That Department was not then the great conservation organization it is today under the leadership of Stewart Udall. Instead it was primarily a land disposal agency. And, as the hand of history has clearly written, the robber barons of that day were despoiling rather than conserving the public lands. Our great forests were rapidly disappearing.

Pinchot realized that under the laws and practices of that time, there was little that could be done about it by the Department of the Interior. The thing to do, he concluded, was to get some of the outstanding areas under different jurisdiction where they could be properly conserved. He went to Theodore Roosevelt.

Roosevelt enthusiastically agreed. Together they convinced Congress to enact legislation to transfer the existing Federal forests to the Department of Agriculture. Roosevelt signed executive orders adding some 132,000,000 acres to the system of national forests, including some of the most spectacular areas and most valuable timber in the Nation.

Remarks by Secretary of Agriculture Orville L. Freeman introducing President John F. Kennedy at dedication of Pinchot Institute for Conservation Studies, Milford, Pennsylvania, September 24, 1963.

Then Pinchot prepared for the Secretary of Agriculture the famous letter of instruction I would like to read you now.

It began: "The Forester, Forest Service. Sir:" And then in classic language it set down the spirit and philosophy that has dominated the Forest Service ever since. I quote:

"In the administration of the forest reserves it must be clearly borne in mind that all land is to be devoted to its most productive use for the permanent good of the whole people, and not for the temporary benefit of individuals or companies. All the resources of forest reserves are for use, and this use must be brought about in a thoroughly prompt and businesslike manner, under such restrictions only as will insure the permanence of these resources. The vital importance of forest reserves to the great industries of the Western States will be largely increased in the near future by the continued steady advance in settlement and development. The permanence of the resources of the reserves is therefore indispensable to continued prosperity, and the policy of this Department for their protection and use will invariably be guided by this fact, always bearing in mind that the conservative use of these resources in no way conflicts with their permanent value.

"You will see to it that the water, wood, and forage of the reserves are conserved and wisely used for the benefit of the homebuilder first of all, upon whom depends the best permanent use of lands and resources alike. The continued prosperity of the agricultural, lumbering, mining, and livestock interests is directly dependent upon a permanent and accessible supply of water, wood, and forage, as well as upon the present and future use of their resources under

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businesslike regulations, enforced with promptness, effectiveness, and common sense. In the management of each reserve local questions will be decided upon local grounds; the dominant industry will be considered first, but with as little restriction to minor industries as may be possible; sudden changes in industrial conditions will be avoided by gradual adjustment after due notice; and where conflicting interests must be reconciled the question will always be decided from the standpoint of the greatest good of the greatest number in the long run."

Add to the uses Pinchot spelled out in his multiple use letter of instruction that of recreation, including wildlife, and this instruction is still operational on September 24, 1963. With this one addition, the philosophy and principles of this 1905 letter comprise the policy we follow today in the management of the great national heritage which is the national forest system.

The unusual joint venture which joins the Department of Agriculture and the Conservation Foundation in the management of this new Gifford Pinchot Institute will, I am sure, be a most pleasant and useful one for all concerned. We of the Department of Agriculture are grateful to be a part of it.

I am sure I speak for all conservationists when I say thank you to the Pinchot family for their generosity. President Kennedy's presence here demonstrates better than words his keen interest and firm support for the conservation needs of this Nation. I know first hand from repeated personal experience that the President is keenly aware that our irreplaceable natural resources must be, at the same time, effectively used to meet the needs of more and more Americans and carefully husbanded for generations to come.

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In this dawning age of abundance more and more Americans will have the chance to experience God's great outdoors. That opportunity will, I am confident, under the leadership of the President of the United States, come "sooner than you think".

Ladies and Gentlemen: The President of the United States.

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THE JOB AHEAD

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I am greatly encouraged by the events of the past two days. They suggest that the work we have done here is only the beginning of a grassroots effort to build for the economic expansion and growth of the Northern Lake States region.

This conference has been constantly in my thoughts for over a year. It really began during an airplane flight near the Jay Cooke State park outside Chisholm early in 1962. We were looking at part of the Superior National Forest and I realized as we flew over the parks and forests ... and the farms, cities and lakes ... that there were few places in the world to equal this region. On trips all over this country and abroad over the past two years, I've seen many beautiful places, but none of them begins to match the outdoor resources here. I've always felt the Northern Lake States region is one of the most beautiful in the world. But, on that inspection flight, I suddenly realized that even I -- who knew it so well -- had underestimated the beauty ... and the potential of this region for development of outdoor recreation. The promise of this region, I saw, extends not just to the people who live here, but to all Americans.

At that moment, I decided to ask the Forest Service to begin preparing a report on resources and recreation in this area, looking toward a conference of State and local people to begin planning for an organized development effort. You have the report -- which I commend to you highly -- and now we are nearing the end of the beginning.

Address by Secretary of Agriculture Orville L. Freeman at closing session of Land and People Conference, Northern Great Lakes Region, at the Hotel Duluth, Duluth, Minnesota, 11:30 a.m. CST, September 25, 1963.

We have heard from many distinguished people -- public servants, educators, businessmen, bankers, executives, workers and housewives -- who pledge their support to plan together to develop the resources of this region.

We have heard President Kennedy call for the full employment of these abundant resources as a means of achieving full employment of people. And we are challenged by his willingness to commit the full resources of the Federal Government to the task we undertake.

We have heard from Governor Rolvaag, our host, and from Governor Reynolds of Wisconsin ... and from Mr. Conboy, who represents Governor Romney of Michigan. They have made it clear that we can build on a foundation of solid beginnings in resource development.

We knew before we came here of the problems and needs of this three-State region. Over 9 percent of a work force of 560,000 persons is unemployed today. The estimates for this winter forecast an unemployment rate of as high as 20 percent. I know the problems of Northern Minnesota intimately, and have felt them deeply. As Governor, there was no problem that concerned me more ... nor any that received more attention. We built highways, and the High Bridge. We invested heavily in higher education to expand the University Branch at Duluth and to strengthen the Junior Colleges. State parks were expanded. The Port of Duluth was built, giving Minnesota an ocean seaport. Commercial peat operations began in volume. Conditions would be worse without these efforts, but they serve only to emphasize there is still much to be done.

Those unemployment statistics are not just numbers, but people who want jobs ... who want to work and cannot because there is no place where they can find

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employment. We must not rest until there is a job for everyone. It will not be easy, but we are resolved, regardless of the difficulties, to reach that goal.

This region over the years has taken it on the chin in many ways. Historically it has been a supplier of raw materials, and those resources have been depleted through exploitation so rapidly that the cries of "unlimited supplies of timber and iron ore" are cynical in retrospect. The Lake States region is located far from the population centers, and the roads necessary for easy access have been difficult to obtain.

But the people are tough, and determined ... and this makes the challenge that much more worth the effort. This region is richly endowed with resources. Its timber, though once despoiled for short-term gain by short-sighted people, now covers four-fifths of its land area. There are 27,000 lakes and over 3,000 trout streams -- over 3 million acres of water surface -- for those who seek outdoor recreation. This region serves a potential market of 50 million outdoor recreation seekers. Its mineral resources, of which the richest have been stripped and mined away, are being unlocked by science and technology. These advances already have created new jobs, and soon will bring thousands more. The people of this region are well educated, for they have always placed a high premium on schools and colleges.

These facts have all been described in detail in the "Resources and Recreation" report which compiles research data that has been developed in a number of Federal and State resource studies. Each of you has a copy of this report, and I urge you to study it and use it when you return home.

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The report provides a resource catalog as well as a guide to development opportunities which are available through multiple use conservation techniques. President Kennedy last night indicated that multiple use means full employment of resources, for when resources interact one on the other, their uses multiply to a sum greater than the individual total. Applied to the job ahead, this concept can produce an explosion of opportunity.

Now, judging from what I have heard this morning, you have prepared an ambitious blueprint. But I think each of us knows that the job ahead will be difficult, and that the results of the work we do here will not produce jobs tomorrow. If we have the will to put this blueprint into action, it can begin building for jobs and prosperity.

The report purposefully does not suggest how the people of this region should develop the resources they possess, for that is the job of this conference to outline and the task which the people themselves must undertake. Let me emphasize one thing, however.

The report makes clear that of all the resources it catalogues, there is one that stands out over all others -- and that is water. No other area in the United States has anything to compare with the water resources of this area. As we seek to develop growth opportunities, we need to keep constantly in mind that we should lead from strength -- and the strength of this region is water resources and the multiple uses that can be made of the lakes and streams that stretch out in magnificent abundance.

Recreation is paramount among these uses. I am convinced, on the basis of long and careful observation, that recreation development is the fuse that will

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set off a great economic boom in the Lake States in the years ahead. That fuse already has been lit, and it should receive concentrated attention in the years immediately ahead. We often spend our time looking for another Model T, or radio or television industry to fuel the next boom cycle. We tend to overlook the trends in public taste which forecast change. Outdoor recreation is a strong, developing trend, and this region should prepare for it. I venture to predict that by 1980, recreation will be the mainstay of the Lake States' economy -- and it will be a healthy economy. It could happen sooner, and, if it does, then I will be happy to say I was wrong.

It will come when better transportation -- highways and airport facilities -- becomes available. This, too, has long been a dream of mine ... to have a transportation net that draws this area into the center of our population mass. The Mackinac Straits bridge and the High Bridge between Duluth and Superior are part of it. The four-lane lakeshore highway along Lake Superior is another. It includes the Grand Rounds of Superior, which now is completed so that a motorist can drive on good highways completely around Lake Superior. The completion of the Trans-Canadian highway helps draw the East-West line of a target sight, and the work now progressing on the Mississippi River Parkway is beginning to fill in the North-South line of the sight. The Northern Great Lakes region is the target on which this sight is focused. One of the current problems in speeding this development is the lack of recognition given recreation as in justifying highway construction. It should have equal weight given other factors which reflect conditions of another era.

I do not, in my enthusiasm, mean to downgrade the economic stimulus which will come as we apply multiple use conservation to timber, mining or agriculture.

Each of these will be developed to a much greater extent. But the big target is water and the recreation potential it holds.

I am impressed by the clear, practical recommendations which the four panels have presented here this morning. They suggest additional research and cataloging of resources is needed. They meet head-on the difficult questions of land adjustment, tax policies and adequate public and private investment. They recognize, as Senator Gaylord Nelson stressed last Monday, the need for an organizational structure to coordinate actions on a regional basis. I believe they rightly emphasize that the need is not for more new government agencies, but for more effective coordination of existing public and private resources.

The First Workshop on multiple use management has recommended that a thorough water resource inventory be made. It will provide the basis for careful planning of our water resource uses through zoning and pollution control. We only need to look elsewhere in the Nation to see the exploding demand for water resources.

The panel also urged that land use patterns should encourage agricultural uses for land where suitable, but it noted many of the problems in the region today can be traced to early land speculation which encouraged farming on land better suited to other uses. The First Workshop also recommended greater research and development activities in the use of timber and wood.

They suggested further that a multiple use management policy affecting all lands in the region be planned and coordinated by the individual States, and that research management in this area be done in cooperation with the Federal Government.

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As the resource report indicates, the potential from multiple use conservation principles on private lands is substantial. Farms adjacent to National or State forests can develop vacation facilities utilizing nearby trails for hiking and horseback riding. Farmland near lakes or streams can earn, as some are doing now, as much from vacation cabins and campgrounds as from crops.

The Second Workshop on developing local initiative and coordinating local programs has made a number of sensible proposals. It has suggested that the county board of commissioners should be more closely associated with the local rural areas development groups, primarily to tie organized local efforts to develop new jobs into the established legal framework. These groups should involve private citizens very strongly, including those with timber, mining, utilities, cooperative and labor interests.

The workshop recognized that a better understanding of the nature of the region's problems is needed, together with an educational program which will encourage greater local initiative and action.

The Third Workshop on land ownership and governmental structure accepted a most difficult assignment in an area where controversy can be found under the nearest rock. They recommended a reimbursement system through which State and local agencies owning land in an area would reimburse the local tax body. Payments would be based on an acceptable evaluation procedure.

This workshop also urged that zoning laws, which generally are adequate, be used more effectively; and suggested that exchanges of land in areas where Federal, State and private lands are intermingled should be carried out to create larger, easier to manage blocks under the same ownership.

The Fourth Workshop on outdoor recreation emphasized the need for an immediate recreation inventory in each State, and suggested that it be carried out in cooperation with the Bureau of Outdoor Recreation. The members also expressed concern over the lack of coordination between public and private recreation development, and suggested that some means be found to coordinate these activities to prevent over-development and harmful competition.

This workshop also recommended that promotional efforts to encourage tourist visits should be coordinated on a regional basis. This has never been an easy task, even within States. But the time has come to realize that by creating a bigger pie, the pieces get bigger. The panel also recognized that the number of suitable airports in the region should be increased, and that other forms of transportation should be improved. They emphasized again the need for high-speed entrance highways to carry people to the area from metropolitan centers.

I think you can all be proud of the work you have done in these workshops. Your recommendations, which tell you what needs to be done, are specific, practical and realistic.

These recommendations make it clear that you believe the work of economic development must be done in the local community and the individual State, and I heartily agree. The role which has been assigned to the Federal Government, outside the responsibilities on land it holds in public trust, is primarily to advise and to provide technical and financial assistance when it is asked. There is much in these recommendations for the State governments to consider and to chew on -- primarily that it is up to the States to serve as a center to stimulate local action and to coordinate programs between local communities.

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It also is clear that something more than individual State action and something in addition to Federal coordination is needed. The problems reach across State boundaries, and therefore, as President Kennedy said, the response of the State government must also reach across State borders.

The President has expressed his willingness ... his desire ... to sit down with all three States when they have developed a coordinated plan for regional action. I would urge you, in looking at the job ahead, to call very soon a Land and People conference in each State and, later, in your own area. When you have developed local and State plans for resource development, then bring together the proposals for public and private actions at a regional meeting.

The Federal agencies represented here will be glad to assist in the planning where you desire; we will be prepared to give technical assistance where you desire; and we will provide financial aid wherever it is possible. You, however, must take the lead and make the important decisions.

I cannot forecast, nor can you, the final form of the regional organization which will evolve. But I can indicate to you now some of the programs which will be available for your use.

One of the most important will be Rural Areas Development. Many of you have some experience with RAD already, but I doubt if many of you are aware of what it is possible to achieve when it is vigorously applied locally.

We began this program in the Department of Agriculture in 1961. In 1962 with the passage of the Food and Agriculture Act the Congress strengthened it enormously. In the past two years we have helped local people encourage industry

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to move into rural areas, creating an estimated 52,000 new jobs -- primarily in the commercial and industrial field. We have provided technical advice and financial services that helped more than 10,000 farmers develop income-producing recreation facilities on their land. We expect to provide assistance to at least 9,000 more before July 1964. In addition, some 2,800 farmers in 34 States have agreed to divert 140,000 excess cropland acres to other more productive uses.

The Accelerated Public Works program already has created more than 216,000 man-months of employment in our rural areas, in addition to long range benefits that come from developing our natural resources and protecting our lands from flood. In this region alone, over 1,700 jobs were created last winter in the National Forests under this program.

These are just a few of the direct job-creating activities. We have authority for low-cost 30-year loans to finance rural renewal and resource conservation development projects. The small watershed program has been expanded to include development of public recreation areas and extra water storage capacity for future municipal and industrial use. Sponsors of 42 watershed projects are planning recreation areas in projects now approved.

In the past $2\frac{1}{2}$ years, we have advanced more funds for rural housing than in the previous 11 years of the program's existence. These housing loans since 1961 have created 85,000 man-years of employment and have added, in terms of impact, almost \$2 billion to the rural economy. They create a growing demand for lumber, for plumbing, heating and electrical equipment, for concrete, masonry, millwork, plaster and paint. And the furniture store also benefits.

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This program has strengthened the rural economy. Business on Main Street is improved. Deposits in country banks in most farming areas have jumped 8 percent since 1960.

But the most important result today cannot be measured in economic terms alone. There are Rural Areas Development groups organized now in two out of every three counties in the Nation. Over 65,000 people -- local people -- are actively working on problems of area development, creating new jobs, improved services and developing natural resources.

This is a program of promise to the future of this region, both in terms of what you are doing here and what will take place under your leadership when you return home. And it is but one tool which you can use to build for the conditions of growth.

I have the greatest confidence that the future of this region is bright. Our society is changing under the pressures of automation, mechanization and the advances of science. While we attempt to catch up with these changes, the backlash -- immediate and painful -- sometimes seems stronger than the progress underway. But these changes which are going on throughout our economy can if we will it and work at it, mean a new dimension in the level of living for all people. It will enable more people with more money and more leisure to enjoy the rewards of our great outdoors -- an essential ingredient to a meaningful life.

I think we had better get ready for them here, for they will be coming as surely as night becomes day.

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Next year is the tenth anniversary of the ^{G & R-ASF} Food for Peace program, an undertaking history will record as one of the great humanitarian efforts of all time. It is, as we have learned, a many-sided instrument. It is a product of American compassion an effective instrument of practical diplomacy which strenghtens free nations and underdeveloped areas as they seek a place in the world economic community and an important trade device. Perhaps a more graphic and meaningful description could be made in three words -- compassion, trade, and aid.

Food for Peace has been a tremendous success, and I am convinced that it should be maintained at a high program level. Any one of these four analyses are, I think, persuasive in support of that proposition:

Food for Peace is right because it is helping to build free nations -- by generating local capital for economic development.

Food for Peace is right because, through the school lunch mechanism, it is improving child nutrition, and furthering education to a remarkable degree.

Food for Peace is right because it is good business. It is building new markets and new world trade by creating new appetites and a new ability to buy.

Finally, Food for Peace is right...simply because it is right. It is the moral responsibility of a people who have plenty, and more than plenty, to share this abundance with people who don't have enough and who lack the means to obtain enough to eat.

Those are the four points I would like to discuss with you in connection with Food for Peace.

Speech prepared for delivery by Secretary of Agriculture Orville L. Freeman at the Food for Peace Council meeting, 9:30 a.m. EDT Monday, September 30, 1963, in The International Conference Room, State Department, Washington, D.C.

Our first challenge is to help feed the hungry. A few months ago, the World Food Congress took place in Washington -- attended by food and farm leaders from all over the world. One of the studies prepared for that Congress showed that more than two-thirds of the world's people are hungry or at least poorly fed. That's 2 billion people in 61 countries. Hungry people cannot be healthy, and they cannot be productive. They cannot be entirely free because they must remain subservient to the daily needs of the stomach.

For those of us who seek a future world where freedom and human dignity are paramount, Food for Peace is at least a partial answer. Through Food for Peace, this country is helping to feed 92 million people every day in more than a hundred countries. In addition to the donations under Titles II and III of Public Law 480, the program includes sales under Titles I and IV. Under these sales programs, food is paid for with the currency of the receiving country, and some of these monies are used by the United States to defray many of its overseas costs.

This has brought some substantial balance of payments benefits. During the fiscal year 1963, foreign currencies generated by P.L. 480 sales abroad were used to pay an estimated \$250 million worth of U. S. bills overseas. These bills involved such items as embassy expenses, educational exchange programs, American-sponsored schools, and market development activities.

In addition, the foreign currencies credited to the Food for Peace program are being released for a variety of economic development programs within those countries. I will have more to say about that later.

To give you an idea of the scope of this program, 1.5 billion dollars worth of American farm commodities were shipped overseas during the last fiscal year under Food for Peace. Commercial exports during this period were 3.6 billion dollars.

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The donation part of Food for Peace amounted to 341 million dollars last year. There was 57 million dollars in barter, and 56 million in sales on long-term credit. The remainder -- something over a billion dollars -- represented sales for foreign currencies.

In the nine years since the program began, we have shipped overseas a grand total of 12.8 billion dollars worth of food -- largely under Public Law 480 but part of it under the Mutual Security Acts. Dollar sales overseas during that time amounted to 26 billion dollars.

These programs are being carried out in joint efforts sponsored by the United States with individual countries -- as well as bilaterally through the World Food Program, the Freedom from Hunger Campaign, and the various agencies of the United Nations. Charitable and other voluntary agencies also have a key role. The 238 food distribution programs scheduled for this fiscal year make use of the facilities of 19 relief agencies. These are voluntary groups of Americans -- both religious and non-sectarian -- whose members and supporters contribute money, time, and labor to the self-help programs of countries overseas. This fiscal year, these voluntary agencies will distribute overseas \$325 million worth of U. S.-owned agricultural commodities.

More than anything else, Food for Peace is a program for children.

Three-fourths of all the commodities that are donated under Food for Peace are now programmed for children -- through organized school lunch efforts, through other institutional feeding, and through family feeding plans in which the parents may participate by exchanging work for food.

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One of the most satisfying results of the Food for Peace program has been the extension of school lunch programs to 40 million children in 91 countries --including remote areas where food is scarce and education has a low priority. This phase of Food for Peace will continue to grow.

We are extremely proud of the school lunch program in our country, which each day feeds about 16 million children with low-cost lunches. At least an additional 7 million children are reached with the special school milk program. Our school lunch promotes better nutrition, and we have expanded this program both in size and in the variety of nutritious foods made available to our children.

In some areas of the world, however, the Food for Peace school lunch is the only square meal the child gets all day. It not only increases the child's learning capacity, but also encourages many children to go to school in the first place. Food for Peace helps the child while he is young -- while he can be helped the most.

In Bolivia and Peru it is estimated that rural school attendance has nearly doubled since the school lunch program began. In June of last year, the United States was helping to feed 11 percent of the school-age children in Latin America -- one out of nine. Today, we are reaching about one out of four of those children. Within a year we expect to feed one out of every three school-age children in Latin America. World-wide, we have increased child-feeding programs 13 percent in the last six months.

While feeding the hungry is the first responsibility of Food for Peace, it is not the only challenge, nor the most intriguing. We also are using food abundance to create capital within other countries -- to be used in

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furthering economic development. I refer particularly to food-for-wages
an exciting, dramatic idea.

We are learning to use food directly as a supplementary wage. In this way you can get all kinds of local progress -- the building of roads and schools, the establishment of irrigation systems, the construction of homes and public buildings, and settlement of new areas. Not only do the workers get the food they need for their families, they work to better their communities.

In this way, we are emphasizing the dignity of labor. We are helping to provide training in new skills. We are helping to catalyze economic progress where there has been stagnation. It might be described as bootstrap free enterprise that really works.

We are now reaching some 5 million people with programs in which they carry out, through their own labor, some kind of community program -- and in return receive food as the wage. In this way, parents may receive the impetus they need to get together and build a school. Once the school is built, Food for Peace provides a school lunch program which encourages children to attend and gives them the energy to learn. Thus, we see the beginning of an educational process ... the genesis of community development where people learn to help themselves.

I have some personal experience in this area. In a small village in Pakistan two years ago, I asked the community leaders what their village needed most. "A school," they answered. "What we need most is a school."

So I asked them: "If I can arrange to send you wheat from the United States, could you use it for wages and in this way build your school?" They told me, 'yes,' they could build the school if the wheat was made available.

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I didn't know then how to provide the wheat, but I told them we would make it available. We did.

The result is that they now have a school, the only one for many miles around. I am slightly embarrassed to report that the new school has a plaque on it, in recognition of the U.S. Department of Agriculture and its Secretary. The important thing is that, with Food for Peace, we were able to make an important step forward in a community's development.

The philosophy and economics of our export programs to encourage economic development is rather simple. Most underdeveloped countries are inadequately fed. And, as incomes rise with economic growth, the demand for food and fiber also increases. If supplies of food and fiber do not rise also, then inflation develops and rising incomes do not represent real gains in living standards.

Our commodities are therefore used partly to fill the food supply gaps in developing countries -- and partly to raise consumption levels. These commodities boost economic development, retard inflation, and hasten the time when these countries can become a part of the world's business community -- holding their own on a straight business basis.

Food thus is essential for building mature nations responsive to their peoples. In lesser developed areas -- where nations are just learning how to be nations -- food problems can bring riots and revolution ... and force a shift towards oppressive, totalitarian governments. Thus American foods can provide the stabilizing element in which democratic forms may grow.

The Food for Peace Program seeks, therefore, to use our surpluses

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constructively...to combat the destructive offspring of malnutrition, hunger, and starvation; and to encourage economic development as an essential by-product. These humanitarian motives will continue to be our paramount objectives.

But, as so often is the case when we do the right thing because it is right, we are finding that bread cast upon the waters is being returned to us many fold. We are, for example, expanding our own commercial trade outlets.

In the beginning there was real concern that aid to other countries would disrupt the marketing systems of those countries -- and that America's commercial trade would be harmed. This has not occurred. We have seen quite the reverse -- a great increase in U.S. dollar sales of farm products, giving us reason to hope that our cash markets overseas can be further expanded.

Japan -- a former beneficiary of Food for Peace -- is now the largest single purchaser of American farm products. Thanks in part to a school lunch program instituted with gift commodities from the United States, the Japanese have developed an appetite for U.S. milk, wheat and corn products. As a result, they now buy immense quantities of each of these commodities for dollars.

Last spring, Japan bought from U.S. surplus stocks, at concessional prices, for their school lunch program, the largest single purchase of milk ever recorded by the Commodity Credit Corporation. A large market in Japan has been developed for U.S. feed grains, and sales of wheat to that country are increasing. Consumption of U.S. tobaccos in Japan has increased by more than half during the past four years.

A substantial poultry market also is developing in Japan. The United States expects to sell more than 2 million pounds of poultry and poultry

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products to Japan during calendar 1963. In 1960 poultry sales were not worth mentioning.

Where Food for Peace has gone in other parts of the world, there now are developing dollar markets for more and more U.S. goods. Spain, for example, has become a \$70 million-a-year cash market for U.S. farm products. Israel is coming up rapidly as a dollar purchaser. Greece and Formosa are stepping up their cash buying.

This has of course, called for salesmanship, but good statesmanship must always be followed by good salesmanship. No longer can America wait for importers to knock on the door. A few years ago the Spanish Government was persuaded to try some of our soybean oil under the Food for Peace Program -- the U.S. Government accepting Spanish pesetas in payment.

The soybean industry followed up with an intensive effort to show the Spanish trade that soybean oil could be blended with Spanish olive oil. Foreign currency sales were replaced by dollar sales. Today Spain is the largest cash buyer of our soybean oil. Sales to Spain last fiscal year amounted to \$50 million.

At this point I am sure that many of you are asking this question: How is it that donations and commercial sales of American food products can fill empty stomachs around the world and still not displace commercial markets?

First, in our handling of Food for Peace we pay close attention to normal trade patterns so as not to harm either U.S. exports or the exports of friendly countries. Also, we are helping these countries to develop markets while their population is rising and more people are moving into the market place. In this situation, normal commercial trade not only can be maintained but actually increased. And that is what is happening.

Let me illustrate this relationship with conditions today in Ecuador. Only a half million people there are consumers in a market sense. The other 3½ million people of Ecuador never really go to the market place. They never take part in the commercial life of the country at all.

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These people live at a subsistence level, producing for their own consumption. They may carry on a trade of the most elemental sort, exchanging produce for clothing and other simple needs. These are people who have not become customers for the traders of the world because they have not been able to create sufficient wealth to enter the market where these commodities might be had. I am talking now about seven out of every eight persons in the country of Ecuador.

Another example is India.

The average Indian consumes about a dime's worth of food a day. By comparison, each of us daily in this country consumes food worth about \$1.07. Yet the Indian makes only 16 or 17 cents a day, and the 10 cents he spends for food is 60 percent of his income. In the United States we spend only about 19 cents out of every dollar for the food that makes us the best fed people in the history of the world.

Obviously, when we send the bounty of American farms to fill the stomachs of vast numbers of Indians and Ecuadorians, we are not displacing an existing market for commercial trade. We are, instead, helping those people to develop so they can buy the food they need. The result will be a rising market for American products, and products of other exporting nations.

I repeat: Every effort is taken to protect established trade. This includes special studies and, in some cases, actual commitments from the receiving countries that their usual purchases from the United States and other free world countries will be continued. We also emphasize the use of private trade channels and the observance of customary trade practices. Increased emphasis is being given to multi-year agreements -- which permit better coordination and prevent the interruption of supply lines which, in the past, has ruined promising programs.

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Finally, in the interest of trade-building we are emphasizing long-term dollar credit as a stepping stone from sales for foreign currencies to sales for dollars. This makes it easier for other countries to buy for dollars -- providing for commodities to be supplied during periods up to 10 years and for repayment to take place for periods up to 20 years. Until recently this long-term credit program was handled on a Government-to-Government sales basis, but we now have worked out the procedure to permit private commercial transactions as well.

Food for Peace is a tremendous success story -- a drama of people against want. It is an epic of human generosity pitted against centuries of hunger ... demonstrating that this ancient horseman can be vanquished.

Like any dramatic tale, this one needs a protagonist ... a hero. There is no question as to the hero of the Food for Peace story. He is the American farmer.

Through his labor and management skill, the American farmer has made the land produce an abundance no one dreamed possible even 20 years ago. He has learned to grow food and fiber with fewer acres and man-hours -- until he is now meeting the needs of 185 million Americans on the smallest acreage in fifty years and with the smallest labor force in a hundred years.

Yet this tough-minded, hard-muscled core of about 7 million farm workers helps to feed, in addition, close to 100 million people in other countries.

The American farmer is the hero, and Food for Peace is the unique institution which he ... and all Americans ... have created. It stands against hunger. It speaks on behalf of the children of the world. It works for

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economic development in the earth's far corners. And it speeds the growth of international trade.

For these reasons, Food for Peace is right. It will continue to contribute to progress and to testify to the spirit and generosity of America.

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For three weeks I have been listening to and talking with farmers around the country in a series of "Report and Review" conferences. The response has been encouraging. The questions which have been asked go right to the heart of farm problems -- from feed grains to sugar beets. I have enjoyed these sessions. They have been very helpful to me.

Now I have come to the Northeast to report to you...and to review with you the agricultural conditions and problems with which you live.

I am here tonight to listen. I need to know what concerns you -- to hear your questions and to answer them if I can. I am here to look at farming through your eyes, and to give you, in return, a glimpse of agriculture from where I sit in the Nation's Capitol. Though we look through somewhat different windows, we must finally have the same view if we are to solve problems and make progress.

Although we approach the problems of the farmer...and farming... from different positions -- I from my desk and you from your field -- neither you nor the Secretary of Agriculture have any alternative but to seek responsible and workable solutions to farm problems.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at the "Report and Review" conference, Onondaga War Memorial Building, Syracuse, New York, October 1, 1963, 8:00 p.m., EDT

Although we approach the problems of the farmer...and farming... from different positions -- I from my desk and you from your field -- neither you nor the Secretary of Agriculture have any alternative but to seek responsible and workable solutions to farm problems.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in ten years which match events that once required centuries to complete.

This kind of experience is hard to adapt to -- and hard to put into words. So we tend to tell each other about our frustrations instead of our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and responsible policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit.

When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the farmer wants to produce all he can and to have the public pay a high price either in the market or through price support programs? This is a cynical distortion -- a quick, flippant way of describing a problem that you and I feel as a hard knot in the pit of our stomach.

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I see and hear distortions like this every day, and when I do, I know that it widens rather than narrows the gap of understanding we must close if the American people are going to deal adequately with the challenge of abundance. It is a challenge to us all -- farmer, lawyer, merchant, mechanic, engineer and housewife.

Thus, I am here not only to listen...but also through the press, radio and television to encourage other people to listen to what you have to say. Out of this can come further progress toward better farm income, better rural communities and a better farm-city relationship.

Now I know the dairy situation is one of the most important topics of discussion among farmers here, and it is a subject of deep concern to me and to the Department of Agriculture. Milk is one of the most important farm commodities, but...and I am acutely conscious of this fact...the incomes of dairy farmers rank among the lowest of any farm group. It is frustrating to me...and to you...that our present dairy programs haven't done more to correct this situation. We have devoted considerable effort toward trying to get legislation which would effectively improve dairy farm income.

I know from the letters I have received from dairy farmers and through contacts with dairy farmers across the country that most of you share this objective. But I am also aware that the dairy problem may very well look different to you from your farm than it does to me from my office

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in Washington. You are concerned about the price you receive for your milk together with the cost of producing that milk. That is the means of livelihood for you and your family.

I share your concern, but I must do so by looking at the nation as a whole. I not only must consider dairy farm income, but also the effect of farm programs on the Federal budget...and of an accumulation of more butter than we can sell or give away under our donation programs.

A fact of life with which I must also live is that a program which would satisfy the dairy farmers of the Northeast might be totally unacceptable to the dairy farmers of Missouri or California or some other State. This is true not only of dairying, but also of practically every other farm commodity.

It has been apparent for some years that our present dairy programs cannot achieve the objective of adequate dairy farm income and at the same time reduce excessive accumulation of surplus dairy products and bring down Government costs.

Last year, for example, milk production reached 125.9 billion pounds nationally. The Government purchased 8.9 billion pounds, or more than 7 percent of total production at a cost of 480 million dollars.

This year we estimate that production will be 125.3 billion pounds, or about 600 million pounds less than in 1962. This decline is largely the result of extensive drought in major milk producing regions. Despite reduced production and increased population, we expect to purchase close to 8.8 billion pounds of milk, or about the same percentage as in 1962. Cost to the Government will be more than 450 million dollars.

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The problem is to find a practical and workable solution that dairy farmers in various parts of the country can agree upon -- for the program must be passable in the Congress as well as workable in the economy.

Solutions can be found for commodities where incomes are low and where surpluses and costs are high. The current feed grain program is a good example of this fact.

When I came to Washington in 1961, corn stocks had reached two billion bushels...and grain sorghum supplies amounted to 1-1/2 years' supply. We were nearing the danger point where these massive supplies would break out and engulf even the livestock industry, let alone the grain producer. The signs were all there -- feed grain prices had trended lower each succeeding year; we were entering a new crop year with all available storage space in use. Storage and handling costs for feed grains alone had reached 465 million dollars -- an intolerable level. Unless we could get swift and effective legislation, stocks would increase further. Grain would have rotted on the ground in the Midwest. And all of agriculture would have been discredited by the impending fiasco in feed grains. Prices would have gone lower, and there would have been a rapid expansion of milk, poultry and pork production; and finally, serious losses to livestock producers.

As you remember, the emergency feed grain bill was passed by the Congress early in 1961 -- in record time. It was the first major piece of legislation which President Kennedy signed, and it has been one of the most durable.

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This program, continued in 1962 and 1963 with relatively minor changes, is now in effect through 1965. It has reduced feed grain stocks by almost a third -- and promises to wipe out the stored surpluses by 1965. Grain has moved out of storage and into use. Farm incomes have been raised. Today a big corn crop is good news -- not another milestone on the road to farm disaster.

Overall, the programs in feed grains -- and in wheat -- have since 1960 reduced stocks by about one billion bushels, contributing to a better balance between supply and demand. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962, and they are providing savings in storage and shipping costs of more than \$800,000 a day.

Thus, if we can develop workable -- and passable -- programs for feed grains, we should be able to do the same thing for dairying. This is what we need to discuss, for your farm problem and my "agricultural problem" originate from the same source. It is simply that the total capacity of agriculture to produce has outrun the ability of the American people...and our dollar export markets...and our Food for Peace program to consume what can be produced.

Consider the case of milk production. Since 1950, the number of milk cows on farms has dropped from about 22 million to less than 17 million -- a 23 percent decline. The number of dairy farms dropped 31 percent in that time. Milk production, however, increased from 117 billion pounds to about 126 billion pounds -- an increase of 8 percent. Milk production per cow rose from 5,300 to 7,300 pounds.

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These are problems that can't be pushed under the bed. We have to look at them together, and I have to look at them with the knowledge that if every farmer produces all he can, no farmer is going to get a good price for what he produces.

In addition, from where I sit...and I know you agree and understand...there is a limit to what we can spend for farm programs. Farmers deserve and can expect fair treatment, but we deal with an urban society -- and a Congress made up increasingly of city Congressmen.

Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who come from farm or rural districts. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be united by a divided agriculture, or an agriculture not attuned to the rest of the economy. It is clear that we must persuade, and no longer can expect Congress to respond to what was once called the farm bloc.

I know of and deeply share the concern that the dairymen of the Northeast currently have toward the proposed changes in the milk marketing orders under which they operate.

In many respects these orders are unique. They are the only milk orders issued through the cooperative effort of Federal and State governments -- in this case New York and New Jersey. The purpose of these orders

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is to establish and maintain orderly conditions for marketing the milk of over 40,000 producers who serve more than 18 million consumers.

The New York - New Jersey Federal order is part of a National network of 83 milk orders. These orders are based on three main principles. They stabilize price levels to assure adequate supplies of milk for consumers and income to producers without creating unnatural, and perhaps illegal, barriers to the intermarket flow of milk and milk products. They assure, near as possible, equal treatment among all producers and handlers within an area. Finally, they should organize milk orders into more consistent regional or National plans since increasingly the markets for milk are becoming closely interrelated.

The market order system has served us well, but like all man-made institutions, it must stand the test of time and continue to serve the needs of today. I believe the milk marketing order system will continue to serve an important function in the dairy industry, and I am concerned that the orders be so constructed that they will meet the standards set down in these three principles.

Recognizing these principles, I want to emphasize that special difficulties confront the milk producers and handlers of this area. Allegations have been made by those in the Northeast dairy industry that the New York - New Jersey milk order has special preferences and special provisions not to be found in any other order regulating fluid milk in the entire United States.

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Specifically, it has been alleged that there are special provisions which are contrary to the standards for a milk marketing order. Some persons allege that independent producers are differently and perhaps more favorably treated than cooperative milk producers as the result of the bulk tank pricing provisions unique to this order. Allegations also have been made that handlers have been required to pay more for bulk tank milk purchased from independent producers than do handlers who buy bulk tank milk from cooperative associations. Some allegations question the cooperative level of Class III milk prices within the area and between this and other areas. Other allegations involve the relative prices of Class I milk as against other uses and in other areas.

We have held hearings required by law to determine the validity of these allegations and to resolve any problems associated with them. Because of this fact, I find myself in a difficult position. As a matter of procedure, I may not discuss...as I would like to...the questions raised by these allegations. The integrity of the rule making procedure is important to all of us, and I know that you would not want me to violate the trust which I assumed in these matters as Secretary of Agriculture. In this case, then, I find myself limited to discussing those matters which I shall not be required to rule upon later...even though I would prefer it otherwise.

There is another major problem in milk regulation not unique to New York, but which is of great interest to you. This involves the means we shall seek to stabilize your prices and income without severely impairing the flow of milk and products from other areas -- the so-called compensatory payment problem. As you know, this issue is also pending within the Department

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awaiting my decision and I am constrained legally from discussing it. I regret this circumstance, but given the procedure which is designed to protect all affected parties, my hands are tied.

Let me emphasize that one of the primary reasons for my presence here is the deep concern I have for the present level of dairy farm income. This has been constantly on my mind as Secretary, for I have some personal experience with the working phase of this business. One of the first actions I took as Secretary was to raise the level of dairy price supports. This was a temporary action taken with the hope and belief that we could obtain new dairy legislation. There was not much support for new legislation within the dairy industry, and no legislation was enacted. During this same period, milk consumption declined on an overall basis -- from a number of causes -- and I was required by law to let dairy supports drop.

There is currently before the Congress several pieces of new dairy legislation which will benefit the dairy farmer. One is the base excess bill which has been reported out of the Senate agricultural committee. The other is the so-called McCarthy bill which applies the principles of the voluntary feed grain program to dairying. We are giving active support to both proposals, and while I cannot predict whether or not they will pass the Congress, they represent an active effort to help the dairy farmer. I know that some of your groups support these bills, and we join with them in urging their enactment.

While I am here to discuss commodity programs, I also want to hear what you have to say about some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun a broad program to encourage and assist local community leaders to develop new job opportunities for farmers and non-farmers -- and for their sons and daughters.

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This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry...from improved housing to modern community water systems... from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly, with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp program on a pilot basis in 43 areas around the country, helping 358,000 in low income families to increase their purchases of food products they need. More than 6 million needy people are aided by the Department's food distribution program each month, and this week, 18 million school children will once more benefit from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million

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persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most nutritious meal they get. If history remembers our nation kindly, the willingness of the American people -- and American farmers -- to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years. These problems and opportunities have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.

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Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at the "Report and Review" conference, Zembo Mosque Temple, Harrisburg, Pa., October 1, 1963, 2 p.m., EDT.

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Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who come from farm or rural districts. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be united by a divided agriculture, or an agriculture not attuned to the rest of the economy. It is clear that we must persuade, and no longer can expect Congress to respond to what was once called the farm bloc.

I know of and deeply share the concern that the dairymen of the Northeast currently have toward the proposed changes in the milk marketing orders under which they operate.

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There are issues general to the regulation of fluid milk in all areas. There are also issues unique to individual areas. For example, there is the proposal to combine the present Philadelphia order and the Wilmington order and to expand the combined order to include Southern New Jersey.

Yesterday we issued a decision recommending this consolidation and expansion and also proposed the continuation of the present individual handler pool method of paying producers. We are also required here and elsewhere, as a result of recent court decisions, to set pricing provisions so that the flow of milk and milk products between areas will not be severely limited.

In the New York - New Jersey area we have still other problems.

In many respects the New York - New Jersey marketing order is the only milk order issued through the cooperative effort of Federal and State governments -- in this case New York and New Jersey. The purpose of this order

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is to establish and maintain orderly conditions for marketing the milk of over 40,000 producers who serve more than 18 million consumers.

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The market order system has served us well, but like all man-made institutions, it must stand the test of time and continue to serve the needs of today. I believe the milk marketing order system will continue to serve an important function in the dairy industry, and I am concerned that the orders be so constructed that they will meet the standards set down in these three principles.

Recognizing these principles, I want to emphasize that special difficulties confront the milk producers and handlers of this area. Allegations have been made by those in the Northeast dairy industry that the New York - New Jersey milk order has special preferences and special provisions not to be found in any other order regulating fluid milk in the entire United States.

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Specifically, it has been alleged that there are special provisions which are contrary to the standards for a milk marketing order. Some persons allege that independent producers are differently and perhaps more favorably treated than cooperative milk producers as the result of the bulk tank pricing provisions unique to this order. Allegations also have been made that handlers have been required to pay more for bulk tank milk purchased from independent producers than do handlers who buy bulk tank milk from cooperative associations. Some allegations question the cooperative level of Class III milk prices within the area and between this and other areas. Other allegations involve the relative prices of Class I milk as against other uses and in other areas.

We have held hearings required by law to determine the validity of these allegations and to resolve any problems associated with them. Because of this fact, I find myself in a difficult position. As a matter of procedure, I may not discuss...as I would like to...the questions raised by these allegations. The integrity of the rule making procedure is important to all of us, and I know that you would not want me to violate the trust which I assumed in these matters as Secretary of Agriculture. In this case, then, I find myself limited to discussing those matters which I shall not be required to rule upon later... even though I would prefer it otherwise.

There is another major problem in milk regulation not unique to Harrisburg, but which is of great interest to you. This involves the means we shall seek to stabilize your prices and income without severely impairing the flow of milk and products from other areas -- the so-called compensatory payment problem I mentioned with respect to the Philadelphia-Wilmington order. As you know, this issue is also pending within the Department

awaiting my decision and I am constrained legally from discussing it. I regret this circumstance, but given the procedure which is designed to protect all affected parties, my hands are tied.

Let me emphasize that one of the primary reasons for my presence here is the deep concern I have for the present level of dairy farm income. This has been constantly on my mind as Secretary, for I have some personal experience with the working phase of this business. One of the first actions I took as Secretary was to raise the level of dairy price supports. This was a temporary action taken with the hope and belief that we could obtain new dairy legislation. There was not much support for new legislation within the dairy industry, and no legislation was enacted. During this same period, milk consumption declined on an overall basis -- from a number of causes -- and I was required by law to let dairy supports drop.

There is currently before the Congress several pieces of new dairy legislation which will benefit the dairy farmer. One is the base excess bill which has been reported out of the Senate agricultural committee. The other is the so-called McCarthy bill which applies the principles of the voluntary feed grain program to dairying. We are giving active support to both proposals, and while I cannot predict whether or not they will pass the Congress, they represent an active effort to help the dairy farmer. I know that some of your groups support these bills, and we join with them in urging their enactment.

While I am here to discuss commodity programs, I also want to hear what you have to say about some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun a broad program to encourage and assist local community leaders to develop new job opportunities for farmers and non-farmers -- and for their sons and daughters.

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This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry...from improved housing to modern community water systems...from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly, with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp program on a pilot basis in 43 areas around the country, helping 358,000 in low income families to increase their purchases of food products they need. More than 6 million needy people are aided by the Department's food distribution program each month, and this week, 18 million school children will once more benefit from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million

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persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most nutritious meal they get. If history remembers our nation kindly, the willingness of the American people -- and American farmers -- to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years. These problems and opportunities have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.

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I am grateful for this opportunity to be with the members and delegates to the Golden Anniversary meeting of the American Bankers Association. A Golden Anniversary is an important event...and a time to both look back with pride and to consider the future thoughtfully.

If one word is needed to summarize both the past and the future...both in agriculture and all segments of our economy...that word would be change. In agriculture we are experiencing changes in production techniques and materials, in products, in machinery, in financing and in organization which once took centuries but which now occur in the span of a decade. The same condition exists in industry and manufacturing.

We have, in a sense, reached a new threshold in our Nation's growth. And we are troubled by what we see.

On the one hand, we know that automation in the factory and mechanization on the farm can be twin instruments to provide better and more productive lives for us all. Science and technology applied in both areas of our economy can help to eliminate drudgery and the menial tasks which make life unrewarding.

At the same time, however, we are disturbed by the unemployment in the cities and the underemployment and unemployment in the farming areas. The worker in the city is fearful of losing his job, and the farmer is fearful of losing his farm. As a result, many people distrust automation and mechanization...and look upon them as threats to their security rather than as engines of progress.

Address by Secretary of Agriculture Orville L. Freeman at the Agricultural Breakfast, Annual Convention, American Bankers Association, Presidential Ballroom, Statler-Hilton Hotel, Washington, D. C., October 7, 1963, 8:00 A.M. (EDT).



There is, therefore, a need for something more. We need to clarify and establish the dimensions of the new opportunities we have as the result of our own ingenuity. In agriculture our problem is not due to the changes which have occurred, but to the failure to apply change for the benefit of all people. The same is true of industry.

I want to talk to you today in terms of what we are trying to do to open wider the new dimension for a better life for people...and in terms of your responsibilities as bankers in your own communities. I believe you can add a new dimension to your motto "Progress Through Service" for the second century of organized American banking.

You may have heard something about a program for Rural Areas Development.. RAD for short. It is the combined effort of people on the national, state and local level to encourage and create the conditions for growth and new economic opportunity in the rural community. It recognizes that the agricultural revolution in this country has made it possible to produce more than an abundance of food and fiber on fewer and fewer acres. We can today provide food and fiber for every person in this country...and export each year over \$5 billion worth of farm products commercially and through the Food for Peace program...on the smallest acreage in 50 years and with the smallest labor force in a hundred years. And we will need 50 million fewer acres than we now have in crops within the span of 20 years.

This is an enormous accomplishment, and a testimony to the success of our family farm system of agriculture. The banking institutions have played a significant role in this achievement by providing the substantial part of the credit to finance the growth of a highly technical and mechanized agriculture.

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But we now face a new and stimulating challenge. We do not need all our land to produce food and fiber, nor do we want so valuable a resource to stand idle and unused. The answer will be found, in part, as we resolve this strange paradox: Today people are moving from the country to the city, but most of the people of the city travel at some time to the country to enjoy the benefits and pleasures of the outdoors...and to harvest the recreation potential of our land and water.

Therefore, we seek to develop these and other new uses for the land and other resources of the rural community...and in so doing to create new economic opportunity to bring new life to rural America.

This is the task of Rural Areas Development. It is to develop new job opportunities through new or expanding commercial and industrial enterprises; it is to improve and modernize community water and sewage systems; it is to build new roads to open new areas; it is to build and improve homes for people who need them and now cannot find adequate financing; it is to build modern homes for the elderly; it is to develop recreational facilities, whether they be camping sites or golf courses, on lands no longer needed for crops, for people who will increasingly have more time and more need for the outdoors.

The transition which RAD can bring to the rural community is one that is always difficult to make in a free economy where people base their decisions on their own intelligent self-interest. But it can be done, and we have established Rural Areas Development as the means to bring all possible tools together that the rural community can use.

We have geared the RAD program at the national level to stimulate organized local effort, to provide local leaders with technical assistance where it is



95 farmers and 20 non-profit associations are now developing outdoor recreation facilities on former cropland to provide fishing, swimming, camping, hunting, farm vacations and other leisure opportunities. It is wiser to provide loans to encourage new uses for cropland than it is to continue to produce food and fiber we cannot use effectively.

The rural housing loan program, with which many of you are familiar, has been expanded to include non-farm rural housing...and has been extended to cover senior citizens in rural areas. As a result, we have since 1961 advanced more funds for rural housing than during the previous 11 years of the program's existence. These loans have created 85,000 man-years of employment and have added, in terms of impact, about \$2 billion to the rural economy.

Technical assistance in developing new uses for cropland is being provided by the Soil Conservation Service in cooperation with elected farmer committeemen in local Agricultural Stabilization and Conservation offices. Already some 10,000 farmers have converted some or all of their cropland to outdoor recreation facilities, and some 9,000 farmers are planning similar changes.

Local rural electric cooperatives are coordinating many technical and financial resources available to local communities that seek to develop new industrial and commercial enterprises. Through these and other services available to local RAD groups, an estimated 52,000 new jobs have been created during the past $2\frac{1}{2}$ years in rural areas.

And there are other new tools available to the local community through RAD.



For example, the small watershed program...which helps the rural community to control floods and prevent soil erosion...has been enlarged to include development of public recreation areas as well as to provide extra water storage capacity for future municipal and industrial use. Sponsors of 42 watershed projects in 23 States have received tentative approval for recreation areas within their projects.

We also have authority to begin two new approaches to land use adjustment, using 30-year, low cost loans. One, which we call Rural Renewal, will be available in rural areas where impacted unemployment and severe underemployment have become almost a natural condition. In one area where local leaders are preparing for such a project, the plans include the purchase of idle farmland to subdivide and sell as vacation sites; the development of a recreation area in cooperation with a sportsman's club; the development in small towns of adequate municipal water supplies; the creation of retirement farms; the development of limestone deposits for industrial use; and the development of private timber stands on a commercial basis.

The second new approach, which we describe as Resource Conservation and Development projects, is designed to encourage areas with contiguous borders and similar resources to come together and develop these resources more intensively. It will enable farmers, city people, rural communities and private organizations to work together to improve land use patterns and to develop new uses for rural resources.

These, then, are some of the tools which already are at hand. Most of them are being used, for there are now RAD committees organized in two out of every



three counties in the Nation. More than 65,000 persons are actively working in these committees to create the conditions for community growth.

There is no doubt in my mind that the potential for growth and new economic opportunity is present. Those communities that recognize the potential... and begin actively to turn it to practical benefit...are going to grow. And those which do not take advantage of their opportunities in this new age will not grow.

I believe we have made a strong beginning in Rural Areas Development, but I want to emphasize that it is only a beginning. We are beginning to see the enormous dimension of the new opportunities for the rural community; we are beginning to see that the answer to overproduction of food can be found by converting cropland to uses that fill the unmet needs of an urban population; and we are beginning to see that reinvestment in Rural America can produce dividends for us all.

I have a dream that someday we will achieve a relative balance in the food and fiber we produce and in what we consume and sell abroad. It is a dream of rural communities prospering because they have developed multiple uses of their resources, and no longer depend on agriculture alone to sustain their economy. It is a dream of an urban nation able to enjoy fully the recreation value of its land and water, and to provide the outdoor recreation facilities which are growing increasingly scarce today.

It is a dream of a new level of living far beyond the limits of our imagination today. It is a dream we can achieve if we will it and work at it, for all of its essential parts are within our grasp. Today we feel the backlash of

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change -- immediate and painful -- and it often seems stronger than the progress underway. But we can harness the forces of change in both rural and urban America, and in so doing achieve a better, fuller life for all people.

That is the nature of the challenge, and I urge you to grasp it with courage and conviction...for it is the threshold of a new and better life for us all.

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For the past month, I have been listening and learning. I have talked with farmers around the country in a series of "Report and Review" conferences.

The response has been encouraging. The questions which have been asked go right to the heart of farm problems -- from feed grains to sugar beets.

Now I have come to where the Cornbelt meets the Sandhills to report to you...and to review with you the farm and ranch conditions and problems with which you live.

I am here today to listen. I need to know what concerns you -- to hear your questions and to answer them if I can. I want to look at farming and ranching through your eyes, and to give you, in return, a glimpse of agriculture from where I sit in the Nation's Capital.

You and I approach farm problems from different perspectives -- I from my desk and you from your field. But neither you nor the Secretary of Agriculture have any alternative but to seek responsible and workable solutions to farm problems.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in ten years which once required centuries.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at the "Report and Review" conference, North Platte, Nebraska, October 9, 1963, 10:30 A.M. CST.

This kind of experience is hard to live with -- and hard to put into words. So we tend to tell each other about our frustrations rather than our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and responsible policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit.

When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the farmer wants to produce all he can and to have the public pay a high price either in the market or through price support programs? This is a cynical distortion -- a quick, flippant way of describing a problem that you and I feel as a hard knot in the pit of our stomach.

I see and hear distortions like this every day, and I know they widen rather than narrow the gap of understanding we must close if the American people are going to deal adequately with the challenge of abundance. It is a challenge to us all -- farmer, lawyer, merchant, engineer and housewife.

Thus, I am here not only to shorten the distance between my desk and your farm, but also through the press, radio and television to encourage other people to listen to what you have to say. Out of this can come further progress toward better farm income, better rural communities, and a better farm-city relationship.

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This has worked in the past. I recall that before going to Washington in 1961, I talked with many wheat and feed grain producers who knew that something would have to be done soon about grain surpluses, and with hundreds of dairy farmers who said that something must be done soon or they would have to quit farming.

The situation in feed grains illustrates what they were talking about. By 1961, 2 billion bushels of corn were in stock; sorghum grain supplies amounted to $1\frac{1}{2}$ years' supply; total feed grain stocks were 85 million tons. We were nearing the danger point where these massive supplies would break out and flood the market.

The signs were all there -- feed grain prices had declined each succeeding year; we were entering a new crop year with all available storage space in use. Storage and handling costs for feed grains alone had reached 465 million dollars a year -- an intolerable level. Unless we could get swift and effective legislation, stocks would increase further. Grain would have rotted on the ground in the Midwest. The feed grain fiasco of the Fifties threatened all of agriculture -- not just the Cornbelt. Lower grain prices, more cattle, hogs, and poultry, and serious losses to livestock producers were just around the corner.

So we set out to change this situation, and to prove that farm groups and farmers could work together to develop realistic programs. Even before the Inauguration in 1961, we consulted with all the farm groups; we named a special advisory committee of feed grain producers and users which met the week after the Inauguration. And together we hammered out an emergency program which farmers could, and did, support.

As you remember, the emergency feed grain bill was passed by the Congress early in 1961 -- in record time. It was the first major piece of legislation which President Kennedy signed, and it has been one of the most durable. Its re-

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putation as one of the most popular and effective programs ever available to farmers is well deserved.

The emergency feed grain program would have been a success in 1961 if it had simply balanced production with consumption. Instead, the program reduced feed grain stocks by some 13 million tons, about 400 million bushels. The downward drift of grain prices was arrested, and the threat to livestock growers was eased.

The original feed grain program with minor changes is now in effect through 1965. It has reduced feed grain stocks by almost a third -- and promises to wipe out the stored surplus by 1965. It is the best possible insurance against price support programs for cattle and hogs -- programs which this Secretary of Agriculture does not propose nor support. Grain has moved out of storage and into use. Farm incomes have been boosted. Today a good corn crop is good news -- not another milestone on the road to farm disaster.

From your farms early in 1961 you probably saw the feed grain problem as low prices in a period of rising costs, and as a threatening flood of grain which would wreck your hog and cattle markets if it ever broke loose. Individually, there wasn't much anyone of you could have done about it except to sit and watch things go from bad to worse.

I saw the problem early in 1961 as a threat to farm income, and thus to your prosperity and that of rural communities. It was compounded by the total lack of storage space for an additional 300-400 million bushels of grain which would be added to surpluses from a crop that was going to be planted within a few weeks early in 1961.

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The root of this problem is fairly plain to see. Since 1932, corn acreage harvested for grain declined from 97 million acres to 61 million acres this year -- a 37 percent drop. But corn production increased from 2.6 billion bushels to more than 3.9 billion bushels -- a 50 percent increase. Yields this year will average 65 bushels an acre compared to 26 bushels in 1932 -- the last good year before the drought began.

Wheat yields also have risen sharply. Only 10 years ago, the average yield per acre was 17 bushels. Today we expect 25 bushels, and usually get it. But our domestic markets require about the same amount of wheat today as in 1900. And while our total exports have grown, the increase has come primarily through the Food for Peace program. Dollar exports in wheat have gained very little.

Given these conditions, I could see in 1961 that a wheat program enacted in 1938 could no longer cope with expanding wheat production. Bigger wheat surpluses, a further expansion in storage and eventual price disaster were all built into that program. The results of the wheat program of the 1950's were being used to discredit all farmers -- and the farmer knew it. We had 1.4 billion bushels of wheat in storage, enough for domestic needs for more than two years. Over 1.1 billion bushels was Hard Red Winter wheat largely from the Central Plains -- nearly a four year's supply.

This is the way the wheat problem looked from the desk of the Secretary of Agriculture, but it may have looked somewhat different from your farm. The wheat carryover was only a remote threat to wheat prices since it was isolated from the market by the price support program. Surpluses kept prices from rising, but supports kept prices from falling. Your acreage was already cut below 1953 by one-third, and you wanted acreage to go up -- not down.

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Another reason the problem looks different to you is that different sections of the country grow different classes and types of wheat. Every farmer hears that his wheat is "the best there is, and there always will be a demand for it." Since each farmer individually could do little about the overall surplus, it isn't too hard to believe the problem surely belonged to someone else.

As you might expect when there is a problem that belongs to no one, it finds a home with the Secretary of Agriculture. It was clear the wheat surplus would not go away; it could only get worse. Unless changes were made, we could expect to add 100 to 200 million bushels of wheat each year to stocks which already were at record levels.

The Congress enacted an emergency acreage diversion program in 1961, both to halt the slide toward disaster and to provide farmers some working room to develop a long-range program. This temporary diversion program was intended as a transition to a new era unclouded by wheat surpluses. The temporary programs, combined with expanding exports, have reduced wheat stocks by some 250 million bushels. With record exports predicted for this year, a further sharp reduction in stocks by mid-1964 is assured.

In 1962, the Administration recommended and the Congress enacted a program combining acreage allotments with the two-price, or Domestic Parity concept. The two-price program had been passed by Congress in 1956, but was vetoed by the President.

Farmers, however, did not approve this program for 1964 in the referendum. And the prospects for wheat farmer income and for reducing stocks in 1964 are dim.

I want to assure you that the Department is doing everything it can to help the wheat farmer in 1964.

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I am confident that we can avoid further increases in wheat stocks next year if most wheat farmers plant within allotments as now indicated, and if participation continues at a high level in the feed grain program. The Department of Agriculture will take every possible opportunity within existing authority to support wheat prices in 1964, and to expand wheat exports. We started to do this the day after the referendum by assuring the continuation of the International Wheat Agreement, and by re-affirming to farmers that CCC stocks will not be dumped on the market.

I am here today, however, to discuss where we are going -- not where we have been. If we can develop workable -- and passable -- programs for feed grains, we should be able to do the same thing for other products. This is our common concern, for your "farm problems" and my "agricultural problem" originate from the same source. The total capacity of agriculture to produce has simply outrun the ability of the American people and our dollar export markets and our Food for Peace program to consume what can be produced.

All of us realize our commodity problems cannot be pushed under the bed. We have to look at them together, and I have to look at it from the standpoint that if every farmer produces all he can, no farmer is going to get a good price for what he produces.

And while I am thankful for the progress that has been made, I am constantly mindful that some of these gains have been bought at a high price. From where I sit, I cannot escape the fact that there is a limit to what we can spend for farm programs. Farmers deserve and can expect fair treatment, but we deal with an urban society -- and a Congress made up increasingly of city Congressmen.

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Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who can be classed as farm or rural. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be united by a divided agriculture, or an agriculture not attuned to the rest of the economy. We must persuade; we can no longer expect to get Congress to respond to the power of what was once called the farm bloc.

Farmers in the Great Plains and the Northwest have a big stake in wheat -- a major factor in the unfinished business of agricultural policy. We have heard little from farmers about wheat since the wheat referendum. Members of Congress report that their mail has been light with respect to wheat this year. Does this mean that wheat farmers are satisfied with the program which is in effect as a result of the referendum? Or does it mean that wheat farmers do not want wheat legislation this year and next year?

In my trips to wheat areas so far, I have not yet found strong support for any wheat programs. In the absence of such support you may be sure that Congress will leave the wheat program about like it is -- and that another referendum will be held next year to determine the wheat program for 1965. I have come to the wheat country to learn what the wheat farmers have to say about these questions.

I also want your views on some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun a broad and basic program to encourage and assist local community leaders to develop new economic opportunities in rural America.

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I welcome this opportunity to be with the Nebraska Agriculture Stabilization and Conservation State convention during these farmer meetings. I also am glad to see that so many other Nebraskans have been able to join us at this public session.

I am making these trips so that I may listen to the farmer. I need to know what concerns him -- and to listen to his questions and answer them if I can. I want to look at farming and ranching at the grassroot level and to give the farmer, in return, a glimpse of agriculture from where I sit in the Nation's Capital.

The farmer and I approach farm problems from different perspectives -- I from my desk and he from his field. But neither the farmer nor the Secretary of Agriculture have any alternative but to seek responsible and workable solutions to farm problems.

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Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at the 1963 Nebraska ASCS Workshop, Capitol Theatre, Grand Island, Nebraska, October 9, 1963, 2 p.m. CST.

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So we set out to change this situation, and to prove that farm groups and farmers could work together to develop realistic programs. Even before the Inauguration in 1961, we consulted with all the farm groups; we named a special advisory committee of feed grain producers and users which met the week after the Inauguration. And together we hammered out an emergency program which farmers could, and did, support.

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I am confident that we can avoid further increases in wheat stocks next year if most wheat farmers plant within allotments as now indicated, and if participation continues at a high level in the feed grain program. The Department of Agriculture will take every possible opportunity within existing authority to support wheat prices in 1964, and to expand wheat exports. We started to do this the day after the referendum by assuring the continuation of the International Wheat Agreement, and by re-affirming to farmers that CCC stocks will not be dumped on the market.

I am here today, however, to discuss where we are going -- not where we have been. If we can develop workable -- and passable -- programs for feed grains, we should be able to do the same thing for other products. This is our common concern, for your "farm problems" and my "agricultural problem" originate from the same source. The total capacity of agriculture to produce has simply outrun the ability of the American people and our dollar export markets and our Food for Peace program to consume what can be produced.

All of us realize our commodity problems cannot be pushed under the bed. We have to look at them together, and I have to look at it from the standpoint that if every farmer produces all he can, no farmer is going to get a good price for what he produces.

And while I am thankful for the progress that has been made, I am constantly mindful that some of these gains have been bought at a high price. From where I sit, I cannot escape the fact that there is a limit to what we can spend for farm programs. Farmers deserve and can expect fair treatment, but we deal with an urban society -- and a Congress made up increasingly of city Congressmen.

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This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry...from improved housing to modern community water systems...from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

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Thank you for listening to me.

U. S. DEPT. OF AGRICULTURE
NATIONAL ARCHIVES
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U. S. Department of Agriculture
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Now I have come to where the Mountains meet the Plains to report to you...and to review with you the farm and ranch conditions and problems with which you live.

I am here tonight to listen. I need to know what concerns you -- to hear your questions and to answer them if I can. I want to look at farming and ranching through your eyes, and to give you, in return, a glimpse of agriculture from where I sit in the Nation's Capital.

You and I approach farm problems from different perspectives -- I from my desk and you from your field. But neither you nor the Secretary of Agriculture have any alternative but to seek responsible and workable solutions to farm problems.

You know and I know that American agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in ten years which once required centuries.

Remarks prepared for delivery by Secretary of Agriculture Orville L. Freeman at the "Report and Review" conference, Great Falls, Montana, October 9, 1963, 8 p.m. MST.

This kind of experience is hard to live with -- and hard to put into words. So we tend to tell each other about our frustrations rather than our ideas. Somehow, even though we cannot find adequate words, we must also communicate our ideas about our problems if we are to formulate consistent and responsible policies for action. This can best be done as we are doing it here -- face to face, openly and honestly.

Let me illustrate. As far as I know, no one yet has adequately portrayed the dilemma of the farmer who feels he must plant all his land to crops if he is to survive -- and who knows that if he and his neighbors do this, together they will produce more than can be sold at a fair profit.

When this is reported, it usually comes out that the farmer wants to have his cake and eat it too. How many times have you heard or read that the farmer wants to produce all he can and to have the public pay a high price either in the market or through price support programs? This is a cynical distortion -- a quick, flippant way of describing a problem that you and I feel as a hard knot in the pit of our stomach.

I see and hear distortions like this every day, and I know they widen rather than narrow the gap of understanding we must close if the American people are going to deal adequately with the challenge of abundance. It is a challenge to us all -- farmer, lawyer, merchant, engineer and housewife.

Thus, I am here not only to shorten the distance between my desk and your farm, but also through the press, radio and television to encourage other people to listen to what you have to say. Out of this can come further progress toward better farm income, better rural communities, and a better farm-city relationship.

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This has worked in the past. I recall that before going to Washington in 1961, I talked with many wheat and feed grain producers who knew that something would have to be done soon about grain surpluses, and with hundreds of dairy farmers who said that something must be done soon or they would have to quit farming.

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So we set out to change this situation, and to prove that farm groups and farmers could work together to develop realistic programs. Even before the Inauguration in 1961, we consulted with all the farm groups; we named a special advisory committee of feed grain producers and users which met the week after the Inauguration. And together we hammered out an emergency program which farmers could, and did, support.

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U. S. DEPT. OF AGRICULTURE
NATIONAL ADMINISTRATION
DEC 24 1963
C. B. BRASE

U. S. Department of Agriculture
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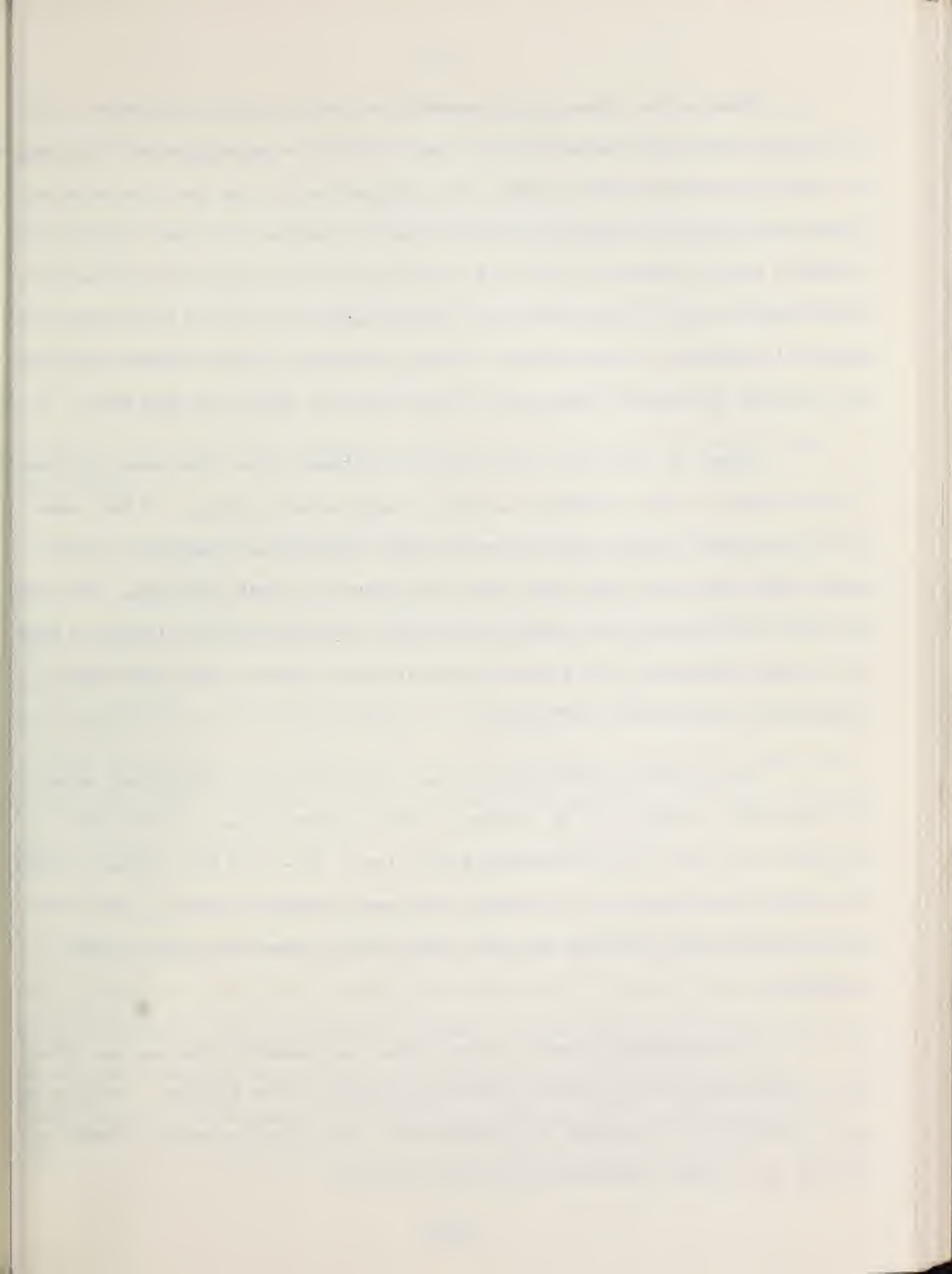
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Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who can be classed as farm or rural. Only 30 years ago it was just the reverse. Farmers can expect a sympathetic hearing from the Congress, but more and more, our interests must be geared to urban and consumer and taxpayer interests also. An urban Congress will not be united by a divided agriculture, or an agriculture not attuned to the rest of the economy. We must persuade; we can no longer expect to get Congress to respond to the power of what was once called the farm bloc.

Farmers in the Great Plains and the Northwest have a big stake in wheat -- a major factor in the unfinished business of agricultural policy. We have heard little from farmers about wheat since the wheat referendum. Members of Congress report that their mail has been light with respect to wheat this year. Does this mean that wheat farmers are satisfied with the program which is in effect as a result of the referendum? Or does it mean that wheat farmers do not want wheat legislation this year and next year?

In my trips to wheat areas so far, I have not yet found strong support for any wheat programs. In the absence of such support you may be sure that Congress will leave the wheat program about like it is -- and that another referendum will be held next year to determine the wheat program for 1965. I have come to the wheat country to learn what the wheat farmers have to say about these questions.

I also want your views on some of the non-commodity programs and ideas that we are using to help resolve the rural dilemma we face together. We have begun a broad and basic program to encourage and assist local community leaders to develop new economic opportunities in rural America.

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This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry...from improved housing to modern community water systems...from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp Program on a pilot basis in 43 areas around the country, helping 358,000 persons in low income families to increase the purchase of food they need. This week, 16 million school children will once again benefit from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most nutritious meal they get. If history remembers

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our nation kindly, the willingness of the American people -- and American farmers to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years; they have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.

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You are a select group of young men -- whose leadership in the years ahead is of decisive importance to the progress of our communities and the future of our Nation. In only a few years you will be exercising decisive leadership in American agriculture and in the country as a whole. Because of this I am going to speak to you seriously and frankly -- to urge upon you a difficult yet supremely important undertaking -- the task of thinking -- of thinking for yourselves -- of thinking clearly and courageously -- about the problems of our times and their potential solutions.

I have great confidence in the kind of leadership you will be able to give to the people of this land -- if you will think for yourselves.

When I compare your education, your training, your poise and your experience with that which I had at your age it is indeed impressive.

Most of you are well prepared to be efficient farmers. You have had specialty training in such things as agronomy, animal husbandry, business management, even public relations -- all the complex skills needed to farm successfully, or to hold important positions in agriculture and its related fields. You also have learned how to work with others, to organize, to speak well in public, to run a meeting, and even to be experts in Roberts Rules of Order.

You are trained in the broad field of agriculture, and as such you assume heavy responsibilities. They will not be made easier by the fact that there is a tendency in this country to take agriculture, and the food and

Address by Secretary of Agriculture Orville L. Freeman at the 35th National Future Farmers of America Convention, Municipal Auditorium, Kansas City, Missouri, October 11, 1963, 10:30 a.m., CST.

fiber it supplies so abundantly, for granted -- like the air we breathe or the water we drink. Yet agriculture, in the last analysis, is the bedrock upon which rests the welfare and strength of our Nation. American agriculture has been superbly successful. If our country is to continue strong and prosperous, it must continue to advance. But we must not forget, in the success of today, that it took hard work to make our agriculture the envy of the world; and it will take hard work and good sense to insure that it continues to make its maximum contribution to national well-being.

It is clear, then, that you have chosen an important field of endeavor, and that you have had good training for leadership in that field. Even more important, however, than that training is the ability to think clearly, and think for yourselves, about problems we face today. And, therefore, I want to ask you to ask yourself a question. How much tough, hard, fundamental thinking do you do? When you read or listen to statements which pass judgment on how our system of government, our economy, and our society functions, do you analyze carefully what is said or written? Do you isolate the basic assumptions upon which such a presentation rests and turn them over carefully in your mind to determine whether they are, in fact, valid and whether they square with what you have learned and observed?

Or do you tend to do the easiest thing -- and react like an automation to certain words that tend to be repeated over and over again? What do words like "centralized government," "controls," "dictation," "free enterprise," "free competition," "freedom of choice" mean to you? What do they really mean in relation to actual events in the world around us? Have you ever actually sat down and written out a definition of them? Or when you hear or read such words do you react automatically, almost like Pavlov's dog, who cried for food whenever the bell rang?

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Among young people I have observed in 4-H and Future Farmers and other youth groups in colleges and high schools I have noticed a strong tendency towards conformity. As contrasted with young people of my generation they tend to be conformists rather than antagonists. Now I don't recommend antagonism just for the sake of a contest. But I would point out that conformity presents grave dangers in a world that is changing so rapidly -- at a faster pace than ever before in history -- that old solutions are no longer adequate.

I grew up in the great depression. I suppose I was an antagonist. It came easy to be one when going to college demanded working 40 hours a week as a wall washer in a hospital at 20 cents an hour. We did think hard then. It was necessary that we should -- the times demanded it. The times demand it now, too, and possibly even more urgently, because of the new knowledge and the new power over the world around us that is your heritage today.

And so I would challenge you to think together with me, in terms of the world we live in and in terms of your responsibilities in that world. Let us for a few minutes try to do a little tough-minded thinking about some of the fundamental problems we face in American agriculture.

I am sure that you have heard, many times, highly emotional speeches about getting the government out of farming, about centralized government versus freedom of choice, about what is called "dictation" from Washington.

What then do such terms really mean? Let's take a look.

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Is it, or is it not, true that our superbly efficient and productive agriculture is able to produce more food and fiber than we can use effectively? Is it, or is it not, an elemental law of economics that if you put more on the market than the market can absorb you will cruelly depress prices and the producer will suffer drastically? Now, if these facts are true, and I suggest that they are, the question then becomes how to bring about a balance between supply and demand.

Of course there is no easy answer to this question, but we make no progress toward its solution by crying "wolf" and launching into an emotional diatribe against government because farmers have developed programs over the years which use their government in the effort to bring about a reasonable balance between supply and demand so prices won't fall to disastrous levels.

Let us consider our attitude towards programs involving government in other sectors of our economy in the light of other inescapable facts of life today. Today's business corporations could not exist if government did not enforce laws that permit them to organize as an artificial entity, to pool resources and investments of hundreds of thousands -- yes sometimes millions -- of people....and by this means operate businesses so huge that a few producers can dominate the field. Most of those who attack government farm programs highly approve this kind of business organization -- whereby producers are so powerful they can engage in private supply management of whatever they produce. Why is supply management bad per se if it is effected through government -- which is responsible to all of the people, yet good if it is engineered by private industry, responsible to only itself.

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Another fact of life today is the right of labor, under the law, to organize and bargain collectively. It, too, can therefore exercise a kind of supply management, and withhold its supply from the market place.

Under today's conditions, agriculture, too, is in need of some method or mechanism under which millions of independent farmers can compete on equal terms with other major segments of our economy. Some kind of mechanism for supply management needs to be devised. It may be through the expansion of cooperatives, through self-help marketing programs and orders, through voluntary programs, through the acceptance of mandatory programs such as those for which farmers have voted overwhelmingly (90 percent) as applied to cotton, tobacco, rice and peanuts.

But I am not here today to prescribe a solution to a very difficult problem. I am here rather to ask you to think for yourselves, to ask questions about the meaning of catch words and slogans, when you hear emotional criticisms of your government and particularly of its programs for the farmer. When you hear your government attacked for "stateism" or "centralism," ask specifically what these criticisms mean. When you hear an appeal for "freedom of choice," ask yourselves what freedom you most want. All human society involves limiting some freedom of action in order that more important freedoms may prevail. It may be that it is more important to earn an income that is adequate to provide the good things of life than it is to decide unilaterally whether to plant 40 or 50 acres of corn.

I have raised these questions with regard to commodity programs in order to stimulate your thinking today and in the years ahead. It is only through clear thinking that we will be able to solve the problems that they present in today's age of abundance.

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I should now like to turn to another aspect of today's world that demands clear, courageous, and imaginative thinking, and that offers promise of a future more rewarding than our fondest dreams. This future is possible if we can make effective use of our great human and natural resources to meet the broad needs of our people.

If each of you were asked to name one common characteristic of the age in which we live, I suspect that most of you would say it is change...and what is true of today, is true as well of tomorrow.

Change is a constant factor in our lives...and particularly in your lives. In agriculture we are experiencing changes in production techniques and materials, in products, in machinery, in financing and in organization which once took centuries but which now occur in the span of a decade. The same condition exists in industry.

We are on a new threshold in our Nation's growth, and we should welcome it as a doorway to opportunity which never before has been within the grasp of man. We live in a new age of abundance, but many people are troubled by what they see.

We know, on the one hand, that automation in the factory and mechanization on the farm can be twin instruments to provide better and more productive lives for us all. Science and technology, applied to all areas of our economy, can help to eliminate drudgery and the menial tasks which make life unrewarding.

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At the same time, however, we are disturbed by unemployment and underemployment in the city and on the farm...both of which have become increasingly persistent. The worker in the city is fearful of losing his job, and the farmer is fearful of losing his farm. As a result, many people distrust automation and mechanization...and look upon them as threats to their security rather than as engines of progress.

It will be your task, as it is mine, to clarify and establish the dimensions of the new opportunities we have created as the result of our own ingenuity. In agriculture our problem is not the creature of change, but of our failure to apply change for the benefit of all people. The same is true of industry.

What are those dimensions in agriculture...both in terms of the opportunity and the challenge and in terms of your responsibility in your own community? Let me describe it in this way:

You have heard something about a program for Rural Areas Development... RAD for short. It is the combined effort of people on the national, state and local level to encourage and create the conditions for growth and new economic opportunity in the rural community. It recognizes that the agricultural revolution has made it possible to produce more than an abundance of food and fiber on fewer and fewer acres. We can supply the needs of every person in this country...and export each year over \$5 billion worth of farm products commercially and through the Food for Peace program...on the smallest acreage in 50 years and with the smallest labor force in a hundred years. And we will need 50 million fewer acres than we now have in crops within the span of 20 years.

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This is the challenge...a stimulating, demanding challenge. We do not need all our land to produce food and fiber, nor do we want so valuable a resource to stand idle and unused. The opportunity will be found as we seek to develop new uses for the land and other resources of the rural community...and in so doing to create new economic opportunity to bring new life to rural America...to your home.

This is the task of Rural Areas Development. It is to develop new job opportunities through new or expanding commercial and industrial enterprises; it is to improve and modernize community water and sewage systems, and other community facilities; it is to build new roads to open new areas; it is to build and improve homes for people who need them and now cannot adequately finance them; it is to build modern homes for the elderly; it is to develop recreational facilities, whether they be camping sites or golf courses, on land no longer needed for crops. People will increasingly have more time and more need for the outdoors, and it is far wiser to adapt land for these new uses than to continue to produce food we cannot effectively use.

The transition which RAD can bring to the rural community is one that is always difficult to make in a free society. People can only base their decisions on their own intelligent self-interest, and these decisions can only be made within the local community.

We have geared RAD at the national level to stimulate organized local effort, to provide local leaders with technical assistance where it is requested, and to provide limited financial assistance where it cannot be found elsewhere.

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During the coming decades, no one will have a more significant role to perform in community growth than you who meet here as tomorrow's leaders. A community without young people is a community that cannot grow. A community without young people equipped with vision and understanding and desire is a community that has no future. Your community has given you the best it can..for you have been able to come this far only with its support. The time is near when it will need your help...your leadership.

There is no doubt in my mind that the potential for growth and new economic opportunity is present. Those communities that recognize the potential... and reach out vigorously for its practical benefits...are going to grow. And those which do not take advantage of their opportunities in this new age will not grow.

I believe we have made a strong beginning in Rural Areas Development, but it is only a beginning. We are beginning to see the enormous dimension of new opportunities for the rural community; we are beginning to see the answer to overproduction of food can be found by converting cropland to uses that fill the unmet needs of an urban population; we are beginning to see the blindness of policies which send people from the country to the city...when the people of the city travel increasingly to the country to enjoy its pleasures; and we are beginning to see that re-investment in rural America can produce dividends for us all.

I have a dream that someday we will achieve a relative balance between what we produce in farming and what we consume and sell abroad. It is a dream of rural communities prospering because they have developed multiple uses of their resources, and no longer depend on agriculture alone to sustain their economy.

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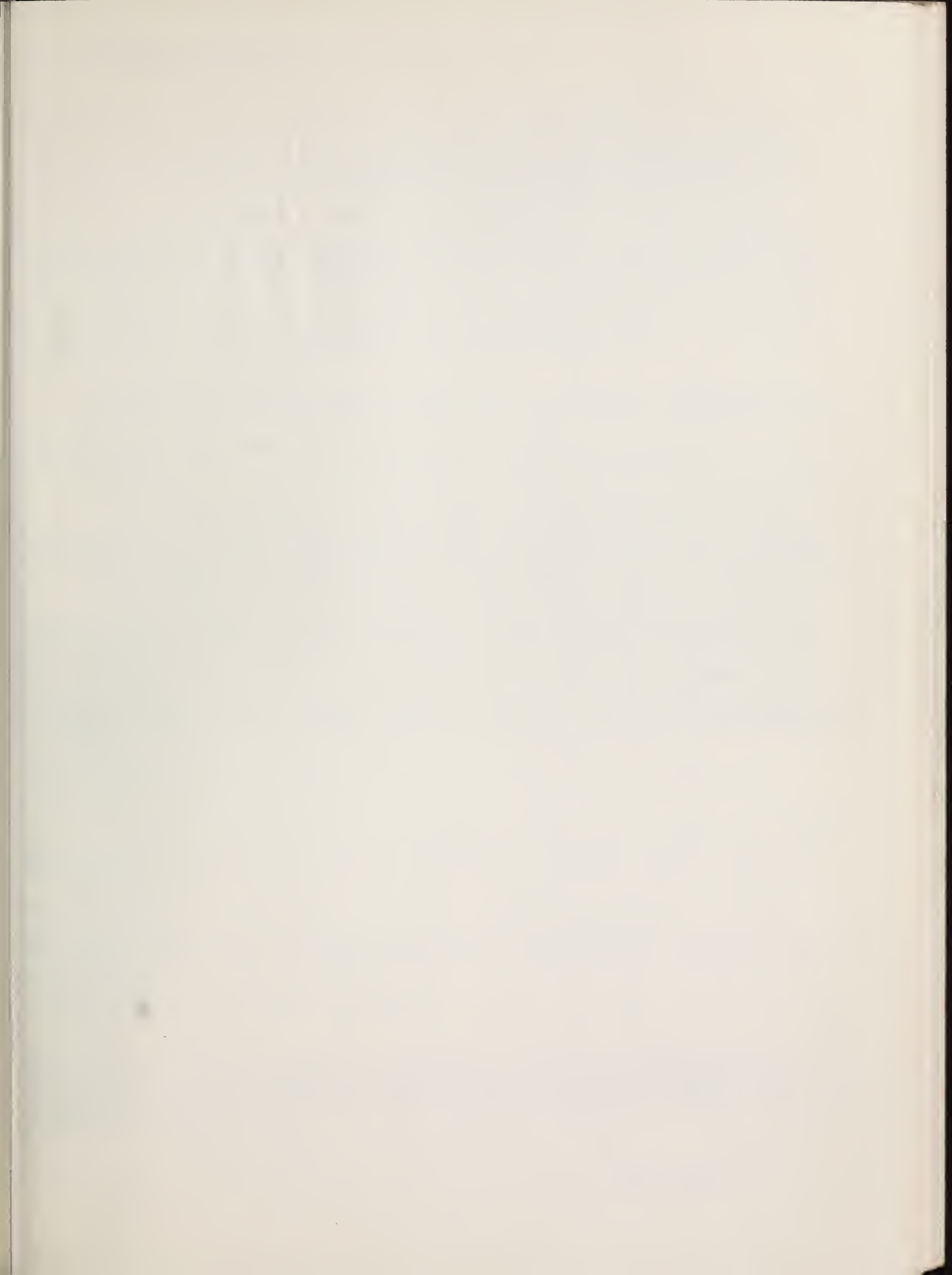
It is a dream of an urban nation able to fully enjoy the recreation value of its land and water, and to provide outdoor recreation as well as food in abundance.

It is a dream of a new level of living far beyond the limits of our imagination today. It is a dream we can achieve if we will it...and work at it, for all of its essential parts are within our grasp. Today we feel the backlash of change -- immediate and painful -- and it often seems stronger than the progress underway. But we can harness the forces of change in both rural and urban America...and in so doing create a better, fuller life for all people.

That is the nature of the challenge. To you it is a significant challenge, for it is within your power to grasp it and mold it with the drive and energy given only to youth. We build a nation by first building strong communities...and strong communities come with strong leadership.

Think of your opportunities...and think of your community. It is your threshold...and it can be a better life for us all.

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During the past month, I have met with thousands of farmers from throughout the country. I have listened to and talked with farmers in the corn belt...in the plains states...in the northwest and in the northeast. They have asked countless questions during these Report and Review sessions, and I have tried to answer them to the best of my ability. The 10 meetings held thus far have been stimulating...and very helpful to me.

Now I have come to Ohio to report to you...and to review with you the agricultural problems and conditions with which you live.

I am here tonight to listen...and to share with you some of the comments and views which other farmers have shared with me. I need to know what concerns you...just as I need to know what concerns farmers in every section of the country. I want to look at farming through your eyes...and give you in return a glimpse of agriculture from where I sit in the Nation's Capital. Though we look through somewhat different windows, we must finally have the same view if we are to solve problems and make progress.

Thus, what the farmer in Kansas, or Iowa, or Washington, or Montana has to say is important to you...just as the view of the farmer in the next county is important. And what you think is important to them, for today the farmer needs more than ever before to speak with a clear, distinct voice from one end of the nation to the other.

Address by Secretary of Agriculture Orville L. Freeman at the Report and Review meeting, High School Auditorium, Columbus Grove, Ohio, October 22, 1963
8:00 p.m., EST.

The lack of a clear voice in agriculture today can, I think, be traced to a primary cause. You know and I know that agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in ten years which match events that once took centuries. This kind of experience is hard to even put into words let alone adapt to.

What can be more frustrating than for the American farmer to know he is the most efficient producer the world has ever seen...and yet know that that efficiency has not brought the security and income it should return. What can be more puzzling for the farmer than to know that his productivity has made food the biggest bargain available to the American consumer...and to see himself described all too often in the public press as one who seeks to exploit the consumer through high prices or the taxpayer by subsidies. Such conditions make old answers seem out of place and ineffective, and everyone feels at one time or another like throwing up his hands and concluding that there are no real answers.

Fortunately, there are answers...because we have been able these past few years to find some and to make progress in some areas of agriculture. Programs in effect for soybeans and feed grains benefit farmers and the public alike. They are popular and effective -- they have worked. And if we can develop a practical program for them, we can do it for other commodities as well.

Consider soybeans. Here we have an example of how price supports can be used as a means of supply management to increase production and help improve the economic position of farmers.

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Do you remember how soybean prices shot up early in 1961? Most farmers had already sold their beans. You lost potential income, and the United States lost dollar markets abroad for lack of soybeans to meet the demand. To help correct this situation, I raised soybean price supports from \$1.80 to \$2.30 for the 1961-62 marketing year. I wanted farmers to get a better price, and I also wanted to stimulate production so we would have the beans to sell in a rapidly expanding world market.

Nothing I have done as Secretary of Agriculture has brought me more criticism; nothing I have done has turned out quite so well. When the results were in, farmers had earned \$400 million more from soybeans grown in 1961 than they did from the 1960 crop. We expanded exports, the soybean carryover was minimal, and all the vociferous critics and prophets of doom had long red faces.

Farmers in this case responded to good prices and attractive price supports to produce more soybeans -- an example of supply management to increase production where it is needed.

The situation in feed grains is far more difficult than for soybeans. But the results are comparable. The feed grain program -- like the soybean program -- is working. And farmers have the assurance in both cases that the program now in effect will be in effect for the next several years; they can make their plans accordingly.

Only two years ago, feed grain stocks were 85 million tons -- twice as large as needed. We were nearing the danger point where these massive supplies would break out and flood the market.

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The signs were all there -- feed grain prices had declined each succeeding year; we were entering a new crop year with all available storage space in use. Storage and handling costs for feed grains alone had reached 465 million dollars a year -- an intolerable level. Unless we could get swift and effective legislation, grain would have rotted on the ground in the Midwest for lack of storage space in 1961.

So we set out to change this situation, and in the process to prove that farm groups and farmers could work together to develop realistic programs. Even before the inauguration in 1961, broad consultation had been held with all the farm groups. I named a special advisory committee of feed grain producers and users which met the week after the inauguration. Together we hammered out an emergency program which farmers could, and did, support.

Congress supported it too for, as you remember, the emergency feed grain bill was passed by the Congress early in 1961 -- in record time. It would have been a success in 1961 if it had simply balanced production with consumption. Instead, the program reduced feed grain stocks by some 13 million tons, about 400 million bushels. The erosion of grain prices was arrested, and the threat to livestock growers was eased.

The voluntary feed grain program is now in effect through 1965. It promises to wipe out the stored surplus by 1965. It is the best possible insurance against price support programs for cattle and hogs -- programs which this Secretary of Agriculture neither proposes nor supports. Today a good corn crop is good news -- not another milestone on the road to farm disaster.

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Overall, the program in feed grains -- and the temporary wheat programs of 1962 and 1963 -- have reduced grain stocks by more than one billion bushels from the record levels of early 1961. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962. Equally important, these cutbacks in grain surpluses are saving the taxpayer more than \$800,000 a day in storage and handling costs.

If we can develop workable -- and passable -- programs for feed grains, we should be able to do the same for other commodities. This is what I am traveling all over the country to discuss. I am confident that the success of these programs can be repeated and that farmers will support sound programs.

After all, the source of your farm problem and my agricultural problem is the same. It is simply that the total capacity of agriculture to produce has outrun the ability of the American people...or dollar export markets...and our Food for Peace program to consume what can be produced.

Dairying is a case in point. Since 1950, the number of milk cows on farms has dropped from about 22 million to less than 17 million -- a 23 percent decline. The number of dairy farms dropped 31 percent in that time. Milk production, however, increased from 117 billion pounds to about 126 billion pounds -- an increase of 8 percent. Milk production per cow rose from 5,300 to 7,300 pounds.

I know the dairy situation is of critical importance here. I want you to know it is a subject of deep concern to me and to the Department of Agriculture, as well. Milk is one of the most important farm commodities.

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But the incomes of dairy farmers rank among the lowest of any farm group. It is frustrating to me...and to you...that our present dairy programs haven't done more to correct this situation. I have worked hard to get a program which would improve dairy farm income.

It has been apparent for some years that our present dairy programs cannot achieve the objective of adequate dairy farm income and at the same time reduce excessive accumulation of surplus dairy products and bring down government costs.

Last year, for example, milk production reached 125.9 billion pounds nationally. The government purchased 8.9 billion pounds, or more than 7 percent of total production at a cost of 480 million dollars.

This year we estimate that production will be 125.3 billion pounds, or about 600 million pounds less than in 1962. This decline is largely the result of extensive drought in major milk producing regions. Despite reduced production and increased population, we expect to purchase close to 8.8 billion pounds of milk, or about the same percentage as in 1962. Cost to the government will be more than 450 million dollars.

The base excess bill, which passed the Senate last week is a step in the right direction, but it applies only to milk market order areas. The dairy farmer who isn't in an order area deserves help too. One step that could help is the proposal advanced by Senator Eugene McCarthy to apply the principle of the feed grain program to strengthen dairy income and cut back production in the manufacturing milk producing areas. The Department of Agriculture supports this proposal. Although it was rejected by the Senate, we are hopeful the House will take the bill up very soon, and that it will be passed in the near future.

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Wheat is another commodity that demands attention. There is no disagreement as to the cause of the problem...it is dramatized by the fact that in 1961 we had 1.4 billion bushels in government storage, with the prospect of adding another 150 to 200 million bushels each year under the wheat program then in effect.

During 1962 and 1963, the Congress provided temporary programs which the Administration had recommended as emergency steps until a permanent wheat program was developed. In late 1962 the Congress enacted a two-price certificate program to be submitted to the farmers in a referendum. It was to be a permanent program. However, as we all know, that program was not accepted in the referendum this spring.

As a result, with 1964 fast approaching, we now must look ahead to the steps which can be taken to protect the family farm and make possible a fair income for the wheat farmer.

In the ten Report and Review meetings I have attended thus far, wheat has been extensively discussed. Four out of five farmers recognize the need for some kind of wheat program. At the same time, however, there is no clear-cut support for any particular program. Instead, there is a great deal of confusion. Some farmers say they want a two-price wheat program without a referendum, but with the opportunity to participate in the program if they choose. Some prefer to go to a referendum next year. Others want both more acres and higher price supports. Some say vaguely they want a volunteer program. There are others who oppose any wheat program...or any farm program for that matter. There is, at this point, no consensus on a specific wheat program.

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A situation like this assures only one thing. The minority view which opposes any program will prevail so long as the majority disagrees on the details of what they agree they must have.

I believe it is my responsibility to make one point crystal clear; if farmers want an improved wheat program, they will need to get together on the fundamentals of a program...and adjust their differences. Anything less will prevent an urban Congress from enacting any wheat legislation. We must not forget that farm legislation is the most difficult of all to pass. Agriculture divided among itself will get few votes in a Congress increasingly made up of city Congressmen. Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who come from farm or rural districts. Only 30 years ago it was just the reverse.

Farmers can expect a fair hearing from the Congress, but it is clear that farmers must persuade; they no longer can expect Congress to respond to what once was called the farm bloc. A babble of voices all claiming to speak for the farmer persuades few Congressmen.

No one appreciates more than I the difficulty of obtaining a consensus among wheat farmers. Here...in this area...you feel that your soft red wheat causes no problems...and if left alone, you would do all right. Farmers in other sections of the country with whom I have spoken feel the same way. It is not their hard winter...or hard spring...or white wheat that is causing the problem, it is the other fellow's wheat. Many who know better join the chorus and agree. Yet the problem of overproduction of wheat exists...and it is, of course, the product of all the different kinds of wheat, soft red wheat included.

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One of the proposals now before the Congress which contributes to the current confusion is the Cropland Retirement program. It is my considered judgment that the Congress will never pass the Cropland Retirement program. One of the most severe criticisms of the program is that it is very costly. It would cost a half billion dollars more than any other program that has been submitted to the Congress. And such a proposal, submitted at a time when the President is trying to reduce spending and to hold down on the budget, is certain to be met with strong resentment by an economy minded urban Congress.

The Cropland Retirement program lacks broad farm support as well. It would reduce farm income to the wheat and feed grain producer by more than a billion dollars. At the same time it would mean the end of the successful feed grain program...and the permanent retirement of 75 million acres of productive land in addition to the 25 million acres now in the Conservation Reserve program. (75 million acres, by the way, is an area as large as Michigan and Ohio, with a generous portion of Indiana thrown in.)

As it now stands, the Cropland Retirement program, rather than being a serious proposal, is instead a positive barrier to any program which could materially assist the wheat farmer.

These, then, are some of the problems and some of the events which have occupied my thoughts and which have concerned me during the past two and a half years. Programs, other than the commodity programs, have demanded and received vigorous attention. And it is these programs to which I would like to turn for a moment...for I also want your views on the non-commodity programs, on the programs now being launched to help resolve the rural dilemma

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we face together. I believe you recognize, as do many other Americans, the need to develop new economic opportunity in rural America to supplement our efforts to make a more profitable agriculture. It is to meet this need that we have begun a broad effort to encourage and assist the local community and its leaders to build a wider economic base on which the rural community of tomorrow will grow.

This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas...ranging from on-farm recreation for pay to new industry...from improved housing to modern community water systems... from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

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Thank you for listening to me.

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U. S. Department of Agriculture
Office of the Secretary

10.23.1963
I am pleased to be with you tonight as you honor the individuals whose contributions to agricultural marketing enable all Americans to enjoy a better life. To all those who have given their talents and energies to develop our highly efficient marketing system, each of us owes a debt of gratitude. However, I believe that debt is better paid...not by heaping praise, but rather by seeking to emulate the dedication and excellence these pioneers have shown as we attempt to find answers to the problems of today.

There is much in marketing today which demands our attention...and tonight I would like to explore with you some of the problems as I see them. I have no ready or pat answers...for there are none. But I am concerned that the historic marketplace is changing more rapidly than most people realize...and very little is known about these changes or about the effect they have on the farmer and the consumer.

There is no question but that the agricultural marketing system as it exists in this country today has no peer throughout the world. It is unfortunate, but nevertheless true, that few Americans today realize the full significance of what has been achieved in the process of moving food and fiber from the farm gate to the home. Most of us are accustomed today to having fresh and fresh frozen foods each day regardless of the season. Yet I can recall very clearly that fresh vegetables and fruits were available only in season when I was a boy. Few realize that the productive genius of the American farmer would not benefit the Nation as much as it does if it were not matched in efficiency by the marketing system.

Address by Secretary of Agriculture Orville L. Freeman at the American Marketing Association Washington Chapter dinner honoring 50 "Pioneers in Agricultural Marketing" at the National Press Club, Washington, D. C. October 23, 1963, 6:30 p.m. (EDT).

Perhaps the advanced level of marketing can be better appreciated by comparing it to distribution methods in other countries. During my recent trip through Russia and Eastern Europe, I was struck as much by the lack of marketing facilities as by the inefficiencies of the farming systems. While the Russians should be able to produce adequate grain crops, given average weather conditions, the full benefit will never be realized in higher living standards unless increased attention is given to the Soviet marketing system.

In other countries, particularly those with developing economies, most people have little or no contact with a marketing system. They grow what food they eat, and very little moves into a marketing economy. In Ecuador, for example, nearly two-thirds of the people are outside the market system.

A subsistence agriculture and the lack of adequate access to a marketing economy will confine these people to monotonous, unsatisfying, and -- in terms of human effort -- a very expensive diet. The UN's Food and Agriculture Organization, in a recent study, said this situation will keep an area on a "low income, poor health, survival subsistence basis."

The FAO study noted that "an advance in the level of living is associated with increasing specialization in production, and for this to bring a reward there must be a comparable development in marketing." Thus a highly efficient marketing system is essential to a highly productive agriculture, and both are necessary for a high standard of living.

The development of our marketing system into the most efficient in the world is due to a number of unique factors, including a democratic system of government which encourages innovation and progress.

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We began with one particular advantage -- the absence of a medieval town market which even today sets the pattern for marketing systems in most areas of the world. Our agriculture, as well, produced for export markets almost from the beginning...and this required a different marketing system than the colonists knew in their mother countries. In addition, a widely flung Nation gave a premium to a constantly improving system of transportation, and transportation is the heart of an effective marketing system. Beyond that, the distinctive American trait of problem-solving, which some people call pragmatism, always spurred individuals to develop a better plow...or a more effective reaper...or a better way to remove cotton seeds from the cotton boll.

Thus, for many reasons, a marketing system oriented toward commercial production of food and fiber developed far more rapidly in this country than in any other nation. And it has produced a host of benefits for the American people.

The consumer today has a wider variety of food products to choose from than consumers do in any other nation...the average supermarket stocks some 5,000 different food items, for example. Most are products with built-in services...eliminating the drudgery and time-consuming tasks of preparing food.

Our marketing system encourages the development of new food products which pour out of the food processing industry at the rate of more than a dozen a day. In addition, today's housewife has far better market information -- to the extent that she has more stores to shop in and often overpowering advertising to tell her what is in the stores -- than did her mother. However, while today's consumer is not captive to the local neighborhood market, she is not without her problems. Her mother bought bulk items, by and large, and knew when she put the food on the table exactly what she had cooked. Even with labeling requirements,

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the housewife today must rely on the word of the food processor to a large extent to know not only what she buys but also what she puts on the table.

From any direction it is considered, however, the agricultural marketing process from the farm to the table is one of the major sectors of our economy today. Food accounts for about 19 percent of the total disposable income expenditures by the public, and the marketing effect can be felt from the most remote ranch to the most exclusive penthouse.

The powerful influence which agriculture marketing can have on the economy...and its special importance to the daily lives of every American...helps to explain why the Department has substantial responsibility in this phase of the agricultural economy.

In carrying out this responsibility, the Department performs both a regulatory and a service function. For the food industry itself, regulatory activities are designed primarily to insure fair trade practices and competition... to provide that adequate alternative sources of sale and supply are available. The service function, such as grading and quality inspection, insures that buyers will be able to purchase substantial amounts of food, even at long distance, without having to inspect every item before making payment.

For the consumer, the regulatory activities are designed to insure adequate supplies at competitive prices...and the service function to provide a nationwide standard of reference for quality which will be the same in California as in New York.

In addition to these two functions, the Department also carries out much of the basic and applied research in marketing techniques and in the development

of new foods. The design of today's supermarket is the product of USDA research... just as is the frozen orange juice or the instant potatoes you buy in the supermarket. Few people realize the Department's responsibility in this regard, since there is no USDA sign attached to the products of research. But the next time someone criticizes the agriculture budget or complains about subsidies, you should tell them the Department is the Number One consumer agency of the Government. A substantial portion of that budget goes to protect and serve all Americans...not as farmers but as consumers.

The Department also carries out a substantial program to insure the wider distribution of our food abundance...through the School Lunch, School Milk, Direct Distribution and Food Stamp programs. Such programs are much more than a means to dispose of surplus foods for they respond to the broad humanitarian impulse to insure that no person should go hungry in the midst of abundance. The ability to produce even beyond the limits of our needs gives us a special responsibility...and a great challenge. There can be no surplus as long as there are hungry people anywhere in the world.

The mission of the Department, then, is to encourage and promote an efficient agricultural marketing system, and without the public services the Department performs, we would not have reached the high peak of efficiency we enjoy today. Consumer confidence in food products would be lacking, as would the ability of the food processing industry to move the massive quantities of farm products. The frontiers of our knowledge would be far less extended, and we would find that food costs would take much more than 19 percent of our average take-home pay.

We have reached this current high level of marketing efficiency generally as the result of changes which have occurred in the last 15 to 20 years. In fact,

the last two decades have seen more progress in the techniques of marketing...and of food processing...than in the whole previous history of agricultural marketing.

It is a tremendous accomplishment, and we are here tonight to pay tribute to those individuals who have helped to make it possible. However, with any action that creates change, there is a reaction...and agricultural marketing does not escape this simple law. Each change produces some benefit, but it also can produce new problems...and I would like to direct your attention to some of these problems. They are critical, for they affect the historic relationships under which our system functions.

Until recently our marketing system was essentially an open arena where the interplay of supply and demand was the principal self-regulating mechanism. The marketplace was made up of many relatively small buying and selling units...none large enough to exert effective market control...and the only large scale enterprises were a relatively few food processors.

This is no longer the case today. Two broad, sweeping changes in the market structure have taken place..and are taking place today.

The small retail store, an outlet for bulk food products and an agent for the food processor, has been largely replaced by the supermarket -- tied together in chains or in cooperative purchasing arrangements. The scale of food retailing has increased sharply. Where the retailer, because of size, once had little or no individual impact on the marketing process, the opposite is true today. The retail function, because of size, has begun to exercise more effective control over production, merchandising and procurement. The supplier, who once exercised these functions, finds his role being increasingly diminished.

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The second major change in marketing is that price -- or the interplay of supply and demand -- no longer is the primary means of control...of reflecting consumer wants and guiding production decisions. Increasingly, these decisions are being made administratively by the owners of the retail establishments. They are able to do this as the marketing process is being telescoped through a variety of arrangements...including vertical integration, contracts or other informal arrangements and the close interrelationship of suppliers and retailers.

The basic implication of these changes is plain. The alternatives which most business enterprises need to insure profitable operations are more plentiful today at the point of distribution...and they are decreasing in number at the production and processing points. Without going into the details of how contractual relationships have changed, it is necessary only to note that in many instances the processor today performs almost as if he is the paid employee of his customer-- without any transfer of property. There also is evidence that the same relationship applies increasingly to the farmer...the producer of the raw material.

This, in very broad strokes, presents the conditions of the marketing structure with which we live today. It raises many disturbing questions, even though we know that it also has provided us with a higher standard of living than any of us have known before.

Let me raise some of these questions:

*The family farm has proven to be a superbly efficient engine of production. What adjustments are necessary in order for it to function at a profitable level in light of these new developments?

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*Are all of our programs and the laws designed to protect the consumer and to insure competitive market conditions adequate for today's world? Are we maintaining the freedom of opportunity which our democratic system requires?

*Are all of the marketing services performed by the Department still useful? If the supply and demand function no longer is the sole determinate of price, is all of the market news service, for example, still useful in the present context?

*Are the research and education programs carried out by the Department as adequate and effective as they should be? Are they going in the right direction?

*Are these changes a public concern, and is it a public obligation to appraise the impact of the process of massive change?

I recognize that these are difficult and delicate questions. When I ask them I do not imply illegality...or accuse any industry or anyone of exercising undue power. Rather they are questions that must be raised for they must be answered...this is the way in which our system of government operates.

To avoid gratuitous implications and allegations, there is the need for a responsible, unbiased inquiry into what has happened in our marketing structure... into the whole broad sweep of how and why the changes have come...and to determine where, if at all, the general interest of the consumer and farmer can be served better in the alteration and adjustment of the regulatory and service functions of the Department.

We cannot turn back the clock, but we must recognize that changes in technology and in organization require changes in economic and political institutions.

Walter Lippmann put it very well. He said that this Administration is "not seeking another change in the structure of American society, but on the contrary, to make more efficient the existing balance of forces." The problem, Lippmann said, is one of re-education, and he added: "This re-education is not a fight between good men and bad men, between rich men and poor men, between Republicans and Democrats. It is, like all education, a search for enlightenment in which all who participate bravely will be the winners."

Whether we like it or not, we are all on the cutting edge of this new frontier. And we have need of as much wisdom and as much vision as did earlier pioneers in marketing. The days of pioneers are not gone. Those who today can foresee needs as clearly and move to meet them as appropriately as you did will be those we honor in the future.

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10.22.1963
Wheat Export Prospects Don't Solve Problem, Freeman Warns:

"Prospects for record wheat exports from the United States this year should not be mistaken for a long range solution to the wheat problem in the United States," Secretary of Agriculture Orville L. Freeman said today.

"Although no sales of wheat have been made to the USSR or eastern European countries as a result of the change in export policy announced by the President on Oct. 9, there continues to be every prospect that wheat exports will be extremely large--perhaps as high as 1 billion bushels.

"As a result wheat carryover next June 30 may be between 700 and 800 million bushels. This is only 100-200 million bushels greater than the amount of wheat which the United States ought to carry for stabilization and security reserves.

"There is no reason to believe that this is anything but a 'one-shot' deal. The high level of wheat exports this year will be the result of extremely poor crop conditions not only in the USSR and eastern Europe but also in most of western Europe. Although unfavorable conditions could occur next year, we should base our plans on the expectation of more normal harvests in the rest of the world, and a more normal long-run level of wheat exports.

"I hope farmers do not mistake good prices and high exports this year as an indication that wheat prices next year will be equally good. No one can accurately predict the level of wheat prices next year, but current prices in the wheat futures market indicate that cash wheat next summer will be selling far below current values.

"The Department will continue to do everything in its power to strengthen wheat prices for the 1964 crop, but expected overproduction, coupled with the \$1.25 support price next year very likely will substantially weaken prices."

Remarks by Secretary of Agriculture Orville L. Freeman supplementing his address at the Report and Review meeting, High School Auditorium, Columbus Grove, Ohio, October 22, 1963 8:00 p.m., EST.

The first part of the report deals with the general conditions of the country, and the second part with the details of the various districts. The first part is divided into two sections, the first of which deals with the general conditions of the country, and the second with the details of the various districts. The second part is divided into two sections, the first of which deals with the details of the various districts, and the second with the details of the various districts.

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I am glad to be here today in the Lone Star State -- and to talk to representatives of an organization that has contributed so much to the growth of American agriculture. It was just 60 years ago this fall that a former Secretary of Agriculture, "Tama" Jim Wilson, also visited this great State to see firsthand the results of some experiments on the Porter demonstration farm in Kaufman County -- a demonstration which was one of the first attempts to hitch science to the plow.

What a revolution has followed.

At that time our country was predominantly rural. The life of the farmer was hard -- backbreaking toil from sunup to sundown, when man's greatest asset was his muscle. It was a time when corn was planted according to the moon and farming practices were handed down from one generation to the next with little change. But this was also a time when a few men could see the possibilities of a whole new life by applying scientific knowledge to raise two blades of grass where only one blade grew before.

Progress was slow. Most farmers were skeptical -- many laughed at this new breed of agricultural missionaries who gained much of their knowledge from the laboratories and experimental fields rather than from the school of hard knocks. It took a courageous and dedicated individual to persevere in this setting.

These missionaries of progress had to gain acceptance for new ideas. Through their own ingenuity, and by trial and error, they sought ways to convince farmers that the research findings from the experimental plot and the laboratory

Address prepared for delivery by Secretary of Agriculture Orville L. Freeman at the Texas County Agricultural Agents Association annual meeting, Hirschi High School, Wichita Falls, Texas, November 4, 1963, 7:00 p.m. (CST). Secretary Freeman was unable to attend this meeting, and it was scheduled to be delivered for him by Lloyd H. Davis, Administrator of the Federal Extension Service.

could benefit those who would use them. The demonstration farm was one way. It expressed the words of the pioneer teacher Seaman A. Knapp: "What a man hears, he may doubt. What he sees, he may possibly doubt. What he does himself, he cannot doubt."

This philosophy provided a solid footing for the vast adult agricultural education program that was to follow this start in Texas in 1903. By 1940, this field work had set the stage for a great break-through in agricultural productivity. And, in the past 20 years or so we have seen more progress in agriculture than in all history.

But that progress also brought new and far different problems. We are an urban nation. American agriculture has geared its abundance to the wants and needs of today's urban homemaker. We have reached the point where we can provide food and fiber for every person in this country -- and export each year over 5 billion dollars worth of farm products commercially and through the Food for Peace program -- on the smallest acreage in a half century and with the smallest labor force in 100 years. Furthermore, we will need 50 million fewer acres than we now have in crops within the span of another 20 years. We have reached an era when food is taken for granted, and the citizens of our affluent society have focused their interest on a multitude of conveniences and wants that add much to pleasant living.

On the one hand, we can see that automation in our factories and mechanization on our farms provide more productive lives for us all, and eliminate much that was drudgery. At the same time, we are disturbed by the unemployment in the cities and the underemployment and unemployment in the farming areas. We are concerned with the speed of these changes and with the adjustments we must make if all of us are to take advantage of our progress.

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Our problem is not due to the changes which have occurred, but to the failure to apply change for the benefit of all people. We must clarify and establish the dimensions of the new opportunities we have as a result of our own ingenuity.

Where does Cooperative Extension fit in this picture? What is the role of Extension as we stand on a new threshold in rural America? For guidelines, let us look back for a moment to the architects of this great adult educational system. In the discussions before the House on the Smith-Lever bill establishing the Extension Service, Congressman Lever said: "We have accumulated in the agricultural colleges and in the Department of Agriculture sufficient agriculture information which, if made available to the farmers of this country and used by them, would work a complete and absolute revolution in the social, economic, and financial condition of our rural population."

And Congressman John Adair of Indiana in his remarks endorsing the proposed legislation included these comments:

"To teach the farmer the best methods of increasing production is extremely important, but not more vitally so than is the importance of teaching him the best and most economical methods of distribution. It is not enough to teach him how to grow bigger crops. He must be taught how to get the true value for these bigger crops, else Congress will be put in the attitude of regarding the work of farmers as a kind of philanthropy. The itinerant teacher or demonstrator will be expected to give as much thought to the economic side of agriculture -- the marketing, standardizing, and grading of farm products -- as he gives to the matter of larger acreage yields. He is to assume leadership in every movement,

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whatever it may be, the aim of which is better farming, better living, more happiness, more education, and better citizenship."

Note that the legislative Godfathers emphasized leadership in social, economic, and financial activities -- leadership in every movement, whatever it may be, the aim of which is better farming, better living, more happiness, more education, and better citizenship. The philosophy expressed here provides for programs of great breadth -- programs that concern themselves with total resource development of not only the farm, but the entire community. The vision of these legislative leaders of a half century ago gave the flexibility that Extension needs to maintain its dynamic qualities in this period of rapid -- and irreversible change.

As we look at rural America today, what then are some of the high priority items that require the attention of Cooperative Extension. Let me list some of these, as I see them.

(1) A continuation of the progress of our farm families is of great importance. The commercial family farm must continue to move forward -- to use new scientific knowledge that will help it further increase the efficiency of its production. We cannot solve any problem by promoting inefficiency. To provide this educational assistance may require further revamping of the organization of Extension to provide highly specialized staffs that can contribute to the solution of complex problems. We may need to revamp our communication methods to assure immediate availability of new scientific findings to those who can use them. There are many signs that we need to further intensify the educational activities which assist in managerial decisions and business organization -- and understanding of marketing needs and requirements -- and in the opportunities for cooperative endeavors among groups of farmers.

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All of this has to move forward under an umbrella of understanding of the needs for farm products locally, nationally, and internationally.

Let us recognize that this type of educational assistance to commercial family farms does not serve farmers alone. The benefits are to the whole of our society as has been so amply demonstrated -- when we are now producing an abundance of a wide variety of high quality foods that cost the consumer less than 19 percent of his pay check.

With the small farm, the problem is a different one. Here Extension has a real opportunity to help these families consider alternatives that are applicable to their own situations. Is it the case of the young farmer with an adequate unit that must decide how to expand -- or how to supplement his income from non-farm sources? Is it the aged farmer whose income requirements are now lessened, and the need is for cutting the hours of labor required to run the farm? Is it a matter of improving efficiency on the existing unit? Or should he use his land and water resources to satisfy public needs in greater demand?

For example, farmers, regardless of size of operation, may wish to develop a business of serving urbanites who want to get out into the countryside to fish, swim, camp and ski. This use of resources may far better serve people -- and add more to the farm families' income -- than plugging away at the job of producing crops already in long supply.

(2) Another high priority area--and the biggest challenge facing Extension at this time -- involves the problems of the entire community. There is a great need for improving the economic health of rural America -- a goal we seek through Rural Areas Development. There is a need to re-align the use of resources

of rural America to provide increased opportunities for rural people. The job is as big and as tough as that faced by the early missionaries of progress in Extension when they first tried to hitch science to the plow. But when we look at the long history of Extension in working with people -- and its unique arrangement of ties to local people, the Land-Grant Colleges, and the Department -- it is evident that Extension has the experience and know-how to take on a gigantic job of this nature.

Many problems cannot be dealt with by individuals alone. Problems of new municipal water systems, sewerage systems, zoning regulations, schools, securing new industries, retraining for new jobs -- all take concerted action by groups, by the community.

And dynamic action by the citizens of a community provides a setting that encourages private initiative and capital investment. New economic opportunity comes as individuals see things they can do in expanding old businesses or establishing new ones. It's this imagination, ingenuity, and initiative that can pump new vitality into the local community.

The initiative for sound, all-out economic development of an area rests with the local people. Extension can help them to better understand their problems and to organize for action on those problems.

Under RAD, the Department can provide tools that will help. And these have been expanded during recent months. For example, the Small Watershed program, which helps the rural community to control floods and prevent soil erosion, has been enlarged to include development of public recreation areas as well as to provide extra water storage capacity for future municipal and industrial use.

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Local rural electric cooperatives are coordinating many technical and financial resources available to local communities that seek to develop new industrial and commercial enterprises.

The Department has recently begun a pilot cropland conversion program to help farmers and associations of farmers and rural people convert cropland into recreational areas or to wildlife habitat, grazing, timber and water storage use. We have also begun a recreational loan program through the Farmers Home Administration which provides insured loans to farmers and rural associations. We believe it is far wiser to provide loans to encourage new uses for cropland than it is to continue to produce food and fiber we cannot use effectively.

We also have authority to begin two new approaches to land use adjustment, using 30-year, low-cost loans. One, which we call Rural Renewal, will be available in rural areas where impacted unemployment and severe underemployment has become almost a natural condition.

The second new approach, which we describe as Resource Conservation and Development Projects, is designed to encourage areas with contiguous borders and similar resources to come together and develop these resources more intensively. It will enable farmers, city people, rural communities and private organizations to work together to improve land use patterns and to develop new uses for rural resources.

These Department programs, along with those of States and local governments, provide added assistance to that which may come from private initiative and capital. But the matter of study, decision, and action must come from local citizens themselves. Cooperative Extension thus carries a key responsibility in the organizational and educational phases of total economic development in a community.

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(3) A third service of continuing importance is consumer education -- for both rural and urban America. As an urban nation, we travel on wheels -- and move on dollars.

The President's Consumer Advisory Council is stressing the importance of consumer education.

Extension can do much to provide families with useful facts in making various purchases, in wise use of credit, on how to evaluate insurance programs, and many other areas of family financial management. Some of these decisions are made daily. Others, such as the purchase of a refrigerator, are made at infrequent intervals.

We recognize that Extension is already doing a great deal in both the counties and the States in consumer education. County home demonstration agents, for instance, have made a significant contribution in helping families to make the best possible use of this Nation's food abundance. Families who have knowledge of a good diet benefit not only themselves but the farmers as well. A family that understands the importance of the various food elements is the farmer's best customer.

I doubt if many people realize that the USDA -- through countless programs, including many administered by Extension -- provides more consumer services than any other Federal agency. Its nutrition research has produced valuable information of the food needs of young children, teen-agers, working adults, and elderly persons. Department scientists have found ways to improve clothing and other fabrics made from cotton and wool. New food and clothing products are constantly being developed.

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As you well know the Department inspects all meats and poultry products in interstate commerce. This service benefits all of this Nation's 190 million people.

(4) Another high priority item is that of programs for youth. Here lies a tremendous opportunity for Extension. Certainly your program with 4-H clubs has been highly effective in developing skills, attitudes, leadership and citizenship. And you have continually added new projects and activities that more adequately serve the needs of non-farm youth. But I think your programs in Career Exploration and in Town and Country Business illustrate a new dimension in club work that are particularly well suited to the problems of youth today. This is certainly brought into sharp focus when we realize that 9 out of 10 boys who are growing up on farms today cannot hope to find a satisfactory career in farming. Fewer rural than city youth finish high school and continue on for further education. More than one-fifth of the 22 million youths who live in rural areas are in families with very low incomes. The job of getting these youngsters to study the various job opportunities for their life's work is extremely important. And this type of study and guidance may prove exceedingly helpful in encouraging our young people to continue their formal education. It's most important to inspire these boys and girls with faith and confidence in their abilities -- and motivate them to get the education and training they will need to compete in tomorrow's society.

(5) Now let's move to another important area -- educational assistance to special groups, in many instances, low-income families. Frequently these are people who have received rather limited formal education. Their lack of income presents special problems that must be dealt with in a different setting than the average family.

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For instance, there are now approximately 6-1/2 million people in needy family units who receive donated foods through our direct food distribution program. These are foods that have been acquired under price support and other market stabilization programs.

Wise use of these foods by the homemaker is extremely important if the families are to receive the most benefit from these foods. The Extension Service has primary responsibility for leadership in educational programs to help these families make the best use of these foods.

Another group, although of a quite different nature, is the increasing number of elderly people -- many of these with low income. Examples of effective educational programs by Extension in this area are many, but let me mention a few. Missouri carries on a family economics program for older citizens in low-rental housing units in St. Louis. In Iowa, the home economics Extension nutritionists cooperate with the State Department of Health to improve food quality in retirement and nursing homes. Pennsylvania has conducted demonstrations on better breakfasts for the Salvation Army League. In five Ohio counties, senior citizens are provided information on what constitutes an adequate diet. And here in Texas you have done much in your programs with both Latin and Negro groups.

These are good programs. They serve significant groups in our society.

(6) Now let me mention one other important area -- that of encouraging greater public understanding of agriculture and its contributions. Agriculture, with less than 8 percent of the population in farming, is a minority group. Yet this 8 percent produces the food and fiber for all the other 92 percent -- and still produces enough to account for over \$1 out of every \$5 earned in export trade.

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Food is a bargain -- costing less than 19 cents out of every dollar the average family spends. We are eating better and more nutritious meals at lower real cost than ever before.

And consumers have a wide choice of food items today that are tailor-grown to serve their wants. We have to look only at today's modern supermarkets to see the wide choice available to the American housewife. Food store shelves now contain thousands of new and different items -- more than 5,000 products compared to 1,000 or so found there a few decades ago.

So let's not overlook any opportunity to tell the farmers' city and urban neighbors about the success and problems of agriculture -- and what their stake is in our family farm system of agriculture.

These are some of the priority areas that deserve your attention at this time. Let me conclude with a few comments about the commodity in which you specialize -- education. There is a vast resource of knowledge waiting to be applied by the people of rural areas -- knowledge that once applied will help bring about a revitalization of these areas and a new era of living for rural people. This resurgence of rural America depends on those who live there. It depends on people who see the opportunities, who have the necessary knowledge, and who have the incentive to apply it. It requires decision and action by individuals and by groups-- by whole communities working together. To take action they must have facts to evaluate new ideas -- and they need to know how to apply these new ideas. And they must have confidence that they can and will succeed. If Seaman A. Knapp were here today he, I am sure, would observe that we gain confidence by doing or seeing a neighbor do something successfully. Thus, the process of education is the key to action.

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The genius of the Extension Service is its educational philosophy and techniques -- its ability to encourage people to prove to themselves that they have the skill and ability to create a better life. The major role of the Extension Service today is to fully apply this capability to these very challenging problems of people in the rural community as a whole. This is a priority assignment that will challenge the best of your abilities and heavily tax your resources.

To fully do this job will require the application of knowledge gathered from the whole of the land-grant university. You will need a broad knowledge of the programs and services of many agencies and departments of State and Federal government. You will need to work with many nonfarm and nonrural groups who make important decisions affecting the use of rural resources and the welfare of rural people. It will require close cooperation and coordination of work with a host of other agencies -- private agencies as well as those of local, State and Federal Government.

But above all it will require the same brand of honesty, vision and courage demonstrated by the early Extension workers -- and which are traditional in your Service. You are the missionaries of progress in the second half of the Twentieth Century, and your thanks will come from those of the next generation.

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I have traveled a long road to get to the High Plains of Texas in my series of Report and Review meetings. This is my thirteenth such meeting. I am not superstitious, so I go into the thirteenth of these meetings with typical Texas confidence that you and I can help each other by talking together about our common problems.

I have heard a great deal about the High Plains, and I know you do things in a big way. You produce, within a few hours drive of Lubbock, about one out of every six bales of cotton grown in this country. Here on the High Plains, you grow 40 percent of the Nation's grain sorghum. You produce the most sesame. You grow the most castor beans.

At the same time -- like the giant with a toothache -- when you have a problem with one of your major commodities, you have a mighty ache. We do have problems in a number of commodities. Measured against the farming ills of much of the world these are very good problems to have -- problems of abundance. Nevertheless, they deserve our best efforts at solution, because they create waste and high public costs, and they work unfairly against the income of farmers and ranchers.

The search for better solutions has brought me to Texas and to Lubbock. I am happy to be here. I am appreciative of your being here to visit with me about the problems that are yours and mine.

Address by Secretary of Agriculture Orville L. Freeman at the Report and Review meeting, Municipal Auditorium, Lubbock Texas, November 4, 1963, 2:00 p.m., (CST).

I am here to listen and to pass on to you some of the comments I have had from other farmers and ranchers around the country. The views of farmers in Pennsylvania, or Michigan, or Washington, or Montana are important to you. And what you think is important to them, because today the Nation's farmers need more than ever to speak in a clear, distinct voice.

The lack of a clear voice in agriculture today can, I think, be traced to a primary cause. You know and I know that agriculture is passing through one of the most rapid and trying periods of change which any group has ever experienced. Changes are occurring in 10 years which match events that once took centuries. This kind of experience is hard to even put into words, let alone adapt to.

What can be more frustrating than for the American farmer to know he is the most efficient producer the world has ever seen ... and yet know that that efficiency has not brought the security and income it should return. What can be more puzzling for the farmer than to know that his productivity has made food the biggest bargain available to the American consumer ... and to see himself described all too often in the public press as one who seeks to exploit the consumer through high prices or the taxpayer by subsidies. Such conditions make old answers seem out of place and ineffective, and everyone feels at one time or another like throwing up his hands and concluding that there are no real answers.

Fortunately, there are answers ... because we have been able these past few years to find some and to make progress in some areas of agriculture. The program in effect for feed grains benefits farmers and the public alike. It is popular and effective -- it has worked. And if we can develop a practical program for feed grains, we can do it for other commodities as well.

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Only two years ago, feed grain stocks were 85 million tons -- nearly twice as large as needed. We were nearing the danger point where these massive supplies would break out and flood the market.

The signs were all there -- feed grain prices had declined each succeeding year; we were entering a new crop year with all available storage space in use. Storage and handling costs for feed grains alone had reached 465 million dollars a year -- an intolerable level. Unless we could get swift and effective legislation, grain would have rotted on the ground for lack of storage space in 1961.

So we set out to change this situation, and in the process to prove that farm groups and farmers could work together to develop realistic programs. Even before the inauguration in 1961, broad consultation had been held with all the farm groups. I named a special advisory committee of feed grain producers and users which met the week after the inauguration. Together we hammered out an emergency program which farmers could, and did, support.

Congress supported it too for, as you remember, the emergency feed grain bill was passed by the Congress early in 1961 -- in record time. It would have been a success in 1961 if it had simply balanced production with consumption. Instead, the program reduced feed grain stocks by some 13 million tons, about 400 million bushels. The erosion of grain prices was arrested, and the threat to livestock growers was eased.

The voluntary feed grain program is now in effect through 1965. It promises to wipe out the stored surplus by 1965. It is the best possible insurance against price support programs for cattle and hogs -- programs which this Secretary of Agriculture neither proposes nor supports.

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Overall, the program in feed grains -- and the temporary wheat programs of 1962 and 1963 -- have reduced grain stocks by more than one billion bushels from the record levels of early 1961. They have helped to raise net farm income by nearly one billion dollars above 1960 levels in both 1961 and 1962. Equally important, these cutbacks in grain surpluses are saving the taxpayer more than \$800,000 a day in storage and handling costs.

The reduction in milo stocks has not, unfortunately, kept pace with the reduction in corn. As you will recall, carryovers of milo built up rapidly during the late 1950's -- going above 700 million bushels by 1961. In the past year, we have reduced the October 1 carryover from 661 million to 654 million bushels -- which is not a very large percentage decrease. In the same year, we brought corn carryovers down by better than a fifth.

The export picture for milo is bright, however. The trend has been generally upward, and in the 1962-63 marketing year we exported 119 million bushels -- a sharp increase over the 86 million bushels exported the year before. To get an idea of the importance of U. S. grain sorghum exports, we need only realize that our exports in 1962-63 were well over half (59 percent) the size of this Texas crop of last year. Japan is the leading market, followed by the United Kingdom, Belgium, Luxembourg, and the Netherlands.

The Grain Sorghum Producers Association -- which headquarters here in Texas -- has done an outstanding job of export market development. This group pioneered in this effort -- actually preceding the fine work being done by the U. S. Feed Grain Council, of which the Grain Sorghum Producers are a member. This market development work is continuing, with exhibits at trade

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fairs and with feeding tests to demonstrate the usefulness of milo in the livestock ration.

In 1964, milo growers in Texas and elsewhere will again have an opportunity to hold down production through participation in the Feed Grain Program. Texas and High Plains growers have had, of course, an extremely high record of participation in this program. The 1964 program is an especially important one; it will have a stabilizing influence on all grains, and we hope it will help to moderate possible declines in the price of wheat. The Department made early announcement of program plans, so that growers could plan their wheat crop in relation to participation in the 1964 feed grain program.

As you know, the 1964 Feed Grain Program will be quite similar to this year's program -- with some improvements. Principally, the new program increases the top acreage limits of participation, and provides for larger payments for maximum diversion. We hope that participation will be high -- and that the 1964 Feed Grain Program will be as successful as those of the past three years.

I want to emphasize that if we can develop workable, passable, programs for feed grains -- and we have done this -- then we should be able to do the same for other commodities. This is what I am traveling all over the country to discuss. I am confident that the success of these programs can be repeated and that farmers will support sound programs.

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After all, the source of your farm problem and my agricultural problem is the same. It is simply that the total capacity of agriculture to produce has outrun the ability of the American people ... or dollar export markets ... and our Food for Peace program to consume what can be produced.

Cotton is a case in point. I know that cotton is extremely important to people in this part of Texas. Twenty-three counties around Lubbock account for one-half of the Texas crop; and Texas produces almost a third of the United States crop. So I can think of no city more vitally affected by the future of the cotton program.

Over the years, the cotton program has done a great deal to stabilize the industry and to protect growers. But because of the level of price support, it has been necessary to make an export payment so that American cotton can compete on world markets. This means that American mills suffer a particular inequity because they have to pay substantially more for American cotton than do their foreign competitors. However, if the price received by our cotton farmers were to be reduced to the world price -- a reduction of about a third -- the result would be nothing less than economic disaster for our cotton growing areas.

On top of this, cotton is under steady competitive pressure from man-made fibers such as rayon and nylon, and present price levels for cotton place it under a severe handicap in holding its markets. Cotton now holds only about two-thirds of the U. S. market for fibers (excluding wool, silk, and linen). Thirty years ago, cotton held over 90 percent of that market.

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We have had, therefore, a very difficult problem -- one of trying to reduce cotton prices to domestic users, to maintain exports at satisfactory levels, and to keep Government costs within reasonable limits -- while at the same time maintaining the income of cotton farmers. For the past year, we have been working with Congressman Cooley and other members of Congress in an effort to find a solution. Chairman Cooley has sponsored a bill which we hope will be before the House of Representatives for vote in about two weeks. We hope it will be passed.

We believe that the Cooley Bill would help substantially to ease the problems of the cotton industry. It would result in a larger consumption of cotton and permit more acreage to be grown than would otherwise be the case. It would increase the costs of the cotton program, but these increased costs would be more than offset by reduced consumer prices for cotton textiles.

There are many diverse interests among people concerned with cotton, and sometimes these views are conflicting. Growers in the Lubbock area -- mostly representing large family-type operations -- may look at a proposal differently from growers in small-allotment areas or from growers in areas of large corporate-type plantations.

I believe that Congressman Cooley has done a remarkable job of reconciling the interests of the various people concerned with this legislation. Nevertheless, if this bill passes the House, it will mean that many people interested in cotton will have subordinated some of their particular views in order to reach a common ground and let the general good prevail.

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I hope and trust that this is happening. We will need to work together to make the program work effectively toward our general goal of a strengthened cotton economy.

Incidentally, as you know, I was legally required to proclaim the 1964 cotton quota and acreage allotment by October 15, and I have done so. I regret that the supply situation is such that I had no choice but to set the national acreage allotment at the minimum permitted by law -- 16 million acres. I hope that, with an improved cotton program, we will find it possible ultimately to grow cotton on a higher acreage. December 10 has been set as the date for the producer referendum to determine whether marketing quotas will be in effect for the 1964 crop of upland cotton.

Wheat is another commodity that demands attention. There is no disagreement as to the cause of the problem ... it is dramatized by the fact that in 1961 we had 1.4 billion bushels in government storage, with the prospect of adding another 150 to 200 million bushels each year under the wheat program then in effect.

During 1962 and 1963, the Congress provided temporary programs which the Administration had recommended as emergency steps until a permanent wheat program was developed. In late 1962 the Congress enacted a two-price certificate program to be submitted to the farmers in a referendum. It was to be a permanent program. However, as we all know, that program was not accepted in the referendum this spring.

As a result, with 1964 fast approaching, we must now look ahead to the steps which can be taken to protect the family farm and make possible a fair income for the wheat farmer.

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In the twelve Report and Review meetings I have attended thus far, wheat has been extensively discussed. Four out of five farmers recognize the need for some kind of wheat program. At the same time, however, there is no clearcut support for any particular program. Instead, there is a great deal of confusion.

A situation like this assures only one thing. The minority view which opposes any program will prevail so long as the majority disagrees on the details of what they agree they must have. This is true of other commodities as well.

We must not forget that farm legislation is the most difficult of all to pass. Agriculture divided among itself will get few votes in a Congress increasingly made up of city Congressmen. Today in the House of Representatives there are about 300 members without a major farm producing interest in their district -- against perhaps 135 members who come from farm or rural districts. Only 30 years ago it was just the reverse.

Farmers can expect a fair hearing from the Congress, but it is clear that farmers must persuade; they no longer can expect Congress to respond to what once was called the farm bloc. A babble of voices all claiming to speak for the farmer persuades few Congressmen.

One of the proposals now before the Congress which contributes to the current confusion is the Cropland Retirement Program. It is my considered judgment that the Congress will never pass the Cropland Retirement Program. One of the most severe criticisms of the program is that it is very costly. It would cost a half billion dollars more than any other program that has been

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submitted to the Congress. And such a proposal, submitted at a time when the President is trying to reduce spending and to hold down on the budget, is certain to be met with strong resentment by an economy-minded urban Congress.

The Cropland Retirement Program lacks broad farm support as well. It would reduce farm income to the wheat and feed grain producer by more than a billion dollars. At the same time it would mean the end of the successful feed grain program...and the permanent retirement of 75 million acres of productive land in addition to the 25 million acres now in the Conservation Reserve Program. (75 million acres, by the way, is more than half the whole State of Texas.)

As it now stands, the Cropland Retirement Program, rather than being a serious proposal, is instead a positive barrier to any program which could materially assist the wheat farmer.

These, then, are some of the problems and some of the events which have occupied my thoughts and which have concerned me during the past two and a half years. Programs, other than the commodity programs, have demanded and received vigorous attention. And it is these programs to which I would like to turn for a moment...for I also want your views on the non-commodity programs, on the programs now being launched to help resolve the rural dilemma we face together. I believe you recognize, as do many other Americans, the need to develop new economic opportunity in rural America to supplement our efforts to make a more profitable agriculture. It is to meet this need that we have begun a broad effort to encourage and assist the local community and its leaders to build a wider economic base on which the rural community of tomorrow will grow.

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This is the Rural Areas Development Program. All the resources and agencies of the Department are contributing to this effort. It emphasizes the use, not idling, of land; the development of communities, not their stagnation and decline. Its aim is a rural renaissance through a host of new opportunities in rural areas ... ranging from on-farm recreation for pay to new industry ... from improved housing to modern community water systems ... from new ways to utilize what the land produces to more adequate supplies of water needed for industrial development. RAD seeks, in effect, to help the rural community compete not only for a fair share of our growing economy, but also for the affection of its own sons and daughters.

I also am eager to hear what you have to say about the substantial efforts being made to share more widely the food you produce so abundantly with the people both at home and abroad. We have since 1961 more than doubled the size and quality of the program which provides food directly to needy people at home. We have launched a new Food Stamp Program on a pilot basis in 43 areas around the country, helping 358,000 persons in low income families to increase the purchase of food they need. This week, 16 million school children will once again benefit from the School Lunch Program.

The Food for Peace Program is doing the same job overseas -- and more. I have personally traveled where I saw the enormous benefits which have come from this program. We are today providing food for some 77.3 million persons in 112 nations through our foreign donation program. We are pioneering in the use of food as capital in helping to develop needed public facilities in many countries. School lunch programs are reaching over 40 million school children -- and for most of them, the school lunch is the most

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nutritious meal they get. If history remembers our Nation kindly, the willingness of the American people -- and American farmers -- to share their abundance will be a major reason.

These are some of the problems and opportunities, then, which have been constantly on my mind during the past two and a half years; they have been your concern, too. It is good that we meet to discuss them together.

Thank you for listening to me.

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U. S. DEPT. OF AGRICULTURE
NATIONAL ARCHIVES
DEC 27 1963
G. L. R. ASK

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THE ROLE OF OUR ABUNDANCE IN ASSISTING DEVELOPING NATIONS

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In expressing my appreciation for the opportunity to speak to an audience like this, on the subject assigned, there are two preliminary observations that I should like to make.

First, I would pay tribute to the leaders who planned this Ohio Food for Peace Forum, and to each and every one of you who is participating. You have arranged this program, and have devoted a day to study and discussion, because of your belief in and dedication to a program and a goal that -- in my judgment -- is one of the most important, one of the most promising, of all the ventures men have ever undertaken to help their fellow men. I believe that it is more than that. In its broadest aspects it can help to bring about, for us as well as for our fellow men, a future of peace and progress, abundance and the good life, greater than any of which most men have ever dreamed.

And so I would pay tribute to each of you for the leadership and the vision that characterize this day's meeting.

Those of you who have heard me speak on several occasions know that I like to talk about Food for Peace. Some of you who know me well know that one of the principal reasons I undertook the admittedly difficult and frustrating office that I now hold was my conviction that American agriculture had contributed much more to the development of the American economy, and had much more to contribute to development throughout the world, than had ever been recognized and realized; my

Address by Secretary of Agriculture Orville L. Freeman at the Ohio Food for Peace Forum, West Ballroom, The Ohio Union, 1739 N. High Street, Columbus, Ohio, November 7, 1963, at 5:30 p.m. (EST).

conviction that in a broad sense there is no real surplus of food as long as anyone on earth is hungry; and my firm belief that it is possible to develop agricultural policies and programs that will result in both adequate incomes for the American producer and the maximum contribution of American agriculture to world progress and world peace.

I might add that, after nearly three years of trials and tribulations as Secretary of Agriculture, I still believe this as firmly as ever. That is why I like my job. That is why I still like to talk about Food for Peace.

This leads to the second introductory observation I would like to make, in paying tribute to you, and in prefacing my discussion of the subject at hand.

In approaching that subject, "The Role of Our Abundance in Assisting Developing Nations", I would usually begin by describing and illustrating how the United States -- its government, its people, its farmers, its voluntary agencies -- how these, working together for nearly 10 years, have used American abundance to bring food and opportunity and hope to millions of people in more than a hundred countries throughout the world. I have done this very thing again and again to audiences in the United States, to bring that information to the people who listen, and to awaken real and justifiable pride in what our Nation has done. I have done it again and again, in other countries, particularly in the well-developed countries of Western Europe and, yes, even behind the Iron Curtain, in the hope that some of them might follow in our footsteps.

But in talking to this audience I know that it would be like bringing coals to Newcastle to repeat this inspiring story to you. I have looked over the program of this very full day you have put in at this Food for Peace Forum. I know

that when you listened this noon to Byron Johnson, from the Agency for International Development, describe "What Government Can Do to Assist Developing Nations", you heard an effective presentation of what we have done. I know that during your panel this afternoon you heard from leaders of voluntary agencies that have made noteworthy contributions to the broad program of international assistance and development. You have heard from people who know of both the problems and the promise of this program, and have discussed ways and means of expanding and improving our efforts. I do not need to elaborate these points to you.

Another aspect that I know is not necessary in this group is an effort to persuade the listeners to support a program to use our abundance to further peace and progress. To another audience I would elaborate on the value of our Food for Peace program: -- its value in relieving human suffering, in improving the health and furthering educational opportunities for children the world over, in generating capital for economic development, in building institutions that strengthen the cause of freedom. I would emphasize its value because it is good business. I would, most of all, emphasize its value because it is right.

But again, to this audience, such emphasis is unnecessary. Dr. Kottman, Dean of the College of Agriculture of Ohio State University, has opened this meeting by describing "Ohio's Stake in Food for Peace." The Rev. Clyde N. Rogers, Director of the Town and Country Department of the Ohio Council of Churches, has presented the "Challenges of the World Food Congress". It is probably safe to assume that each one of you is here because you already believe in the Food for Peace program. You do not need to be converted.

We are considering here tonight a program in which we all believe, a program that has general appeal to men of good will throughout the Nation. Yet

it is a program that, as yet, has only begun to fulfill its promise. It is proceeding at a pace much too slow if it is to meet the challenge of a world that is characterized by revolutionary change.

I propose to discuss the Role of Our Abundance in Assisting Developing Nations in terms of that challenge -- in terms of the revolutionary developments in science and technology that have taken place within our lifetime and that will surely continue at a rapidly accelerating pace -- and in terms of efforts to make the maximum possible use of our abundance in the cause of progress and peace.

Scientific and technological progress have given us new sources of power, new kinds of machines, new substitutes for scarce materials, new knowledge, that make it possible for us to produce more physical goods with less human drudgery than ever before. True, this power is not developed everywhere it is needed. The knowledge is not distributed as widely as it should be. But they do exist, and could be distributed. It should not seem necessary to repeat that today science and technology have progressed so far that we know how to produce enough so that no man, woman or child on earth need want for food, clothing or shelter. But it is necessary to repeat that fact, because we do not act as if we knew it.

We are on the threshold of an age of abundance, yet we use the same phrases and follow the same rules that were developed in an age of scarcity. We worry about surpluses in parts of the world and deficits in other parts. We argue with other nations about how to keep abundant supplies from crossing national boundaries. And -- most serious of all -- we are not progressing fast enough in overcoming scarcity in those parts of the world where it presses heavily on millions of people, creating want and suffering in the underdeveloped nations and threatening the security of the developed ones.

The most important truth of our generation is the fact that the physical barriers that, in all the ages past, imposed want and scarcity upon men, have been struck down, within our lifetime! The most important need of our generation is for social science and social engineering to catch up with the physical sciences, to the end that we will overcome the social, political and economic barriers that prevent the promise of abundance from becoming a reality!

American agriculture is in the forefront of this dilemma of abundance vs. scarcity. Its surpluses, on the one hand, have been stockpiled, caricatured, and criticized -- and, on the other, they have been used most constructively in the Food for Peace Program you have been considering today. They could be used even more constructively and effectively, and American agricultural productivity as a whole could play an even greater role in assisting the developing nations of the world, if we could overcome some of the difficulties that stand in the way.

I would even venture to suggest that, used intelligently with compassion and with vision, agricultural abundance could prove to be the key that would unlock the door to a future of plenty, progress and peace for all mankind.

This is a goal so promising and so inspiring that it is worthy of our best efforts. And I assure you that it will take our best efforts to reach that goal. It is much easier to talk about than to achieve. The difficulties are many and complex. It will take more than good will to overcome those difficulties.

I would like to ask you to explore with me some of the barriers that we must face -- honestly and courageously -- if we are sincerely determined to so maximize the role of our abundance that we can reach that goal. I would like to suggest that we can overcome these barriers only if we view the use of our abundance

in terms of its broadest aspects, in terms of its relationship to our domestic economy as a whole, and in terms of international problems involving cooperation among the highly developed as well as the developing nations.

One of the difficulties that we face, domestically, is -- of course -- the cost of the program. How much will the American people be willing to pay? We are rich enough and generous enough so that we cannot refuse to pay for food for starving people and hungry children. But food to relieve hunger and suffering is only a part of the assistance program, although it is the part most people think about and it reflects the most urgent and immediate need -- a need that must be met on grounds of simple moral responsibility. It is therefore essential, but it alone can never be the final answer to eliminating hunger and creating abundance.

Just as we would help a starving man by first feeding him and then finding him a job, so we have accepted the proposition that the developing nations must be helped to develop their own productivity, and our Nation's abundance in technical know-how is being used to that end. In fact, one of the most promising and exciting of the new developments of our Food for Peace program has been the use of our food, as well as our know-how, to provide capital for industrial growth, to help build roads and schools, to help resettlement and land reform projects, to develop cooperatives and other kinds of locally-owned businesses, and to encourage better agricultural practices. This kind of institution-building turns our food aid into a powerful force for furthering -- not only better nutrition and economic growth -- but freedom and democracy as well.

But a new need for food arises as developing nations move into the stage of more rapid economic growth. Rising incomes and higher levels of living bring

about a demand for food above and beyond bare, minimum nutritional needs. Our economic studies show that in rapidly developing countries this increased demand for food will outrun increased agricultural productivity. They show that, in the years immediately ahead, the amount of food needed to meet the increased demand resulting from economic growth will be much greater, even, than the amount needed to raise diets to minimum nutritional levels. And if that need is not met, development will be seriously retarded.

So the question arises as to whether we are willing and able to pay the cost of meeting this need too -- as well as for the more emotionally appealing need to relieve hunger and malnutrition. An affirmative answer will, I believe, depend upon the extent to which we recognize that there is both a humanitarian and an economic interest in rapid progress on the part of developing nations -- progress that, on the one hand, will enable them to meet their rising expectations, and that will, on the other, make them better trading partners and better commercial markets. Even more important, such progress strengthens the forces of peace and freedom in the world. Viewed in this broad aspect, the difficulty of the cost of the program fades substantially under the recognition that it is a wise investment in the future.

This leads directly toward the solution of another difficulty -- the oft expressed concern lest the assistance we provide may involve competition that is detrimental to either our own economic interests or those of other friendly nations. We can overcome this difficulty by developing a greater understanding of the true nature of our programs and of the increased commercial trade that they can develop.

We are very careful not to use Food for Peace to displace existing markets for commercial trade. Instead, our food goes to people who are not in the commercial market because they live at a subsistence level.

In Ecuador today, for example, only one half million people are consumers in a market sense. The other $3\frac{1}{2}$ million never really go to the marketplace or take part in the commercial life of the country. They have not become customers for the traders of the world because they have not been able to create sufficient wealth to even enter the market where they might buy. But our assistance can help them to develop so that they will eventually enter that market and become commercial customers.

The record already dramatically proves this to be the case. Japan, a former beneficiary of Food for Peace, is now the largest single purchaser of American farm products. The Japanese have developed an appetite for milk, wheat and corn products, and more recently for poultry, and now buy immense quantities of these products for dollars. Other countries like Spain, Israel, Greece and Formosa are becoming cash customers.

If we can develop general public recognition of the extent to which our Food for Peace programs have resulted -- and can result -- in significant expansion of commercial trade that is so vitally important to our domestic economy and our balance of payments position, we will develop greater public support. The expansion of our own productive capacity here in the United States depends in a large measure on the development, throughout the world, of standards of living high enough so that a growing number of people will be able to buy the products of our farms and factories. Our own continued enjoyment of abundance thus depends upon the extent to which underdeveloped peoples of the world can be helped to achieve their potential for abundance.

We will never really enjoy the age of abundance on a world-wide scale until we broaden our vision to include a consideration of both trade and aid as

they can work together toward that goal. Instead of worrying so much about whether aid is holding back commercial trade, and how soon we can replace aid with trade, we should be considering how the two can be hitched together as a team to the mutual gain of highly developed and developing countries alike.

Another area of difficulty as we contemplate maximizing the role of our abundance to help developing countries arises out of the fact that our Food for Peace Program, unlike any of our other programs for foreign assistance, is tied very closely to one of the most controversial domestic programs we have -- the price support program for farm commodities. I often wonder how many of the sincere enthusiasts for Food for Peace realize that fact -- and its implications. How many of those of you who oppose farm support programs have ever asked yourselves what would happen to the Food for Peace Program if the support programs were ended?

Now I certainly do not want to argue any pros and cons of commodity programs tonight. But, in the interest of the Food for Peace Program on which I believe we in this audience are pretty unanimously in agreement, I do want to raise the question as to whether, and when, we will have enough faith in -- and enough support for -- our Food for Peace Program to have it stand on its own feet? Is it possible that there is enough support for Food for Peace so that, instead of gearing (and limiting) our Food for Peace activities to commodity programs, we might gear our commodity programs to the needs of Food for Peace?

The original philosophy back of Public Law 480 has proved to be a remarkably good one, if only because it was probably the only way a program of such magnitude and such value could have been launched. In fact, it has been suggested

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that the same principle should be applied in other fields -- and that we should explore ways of using the surplus that is represented by idle factories and idle workers to produce goods that might be used in a sort of "Products for Peace" program. Perhaps all we need to eliminate difficulties that arise in this field is a broader definition of surplus -- interpreted as "surplus capacity" rather than "surplus commodity". Think of what might be done if P.L. 480 applied to commodities produced out of our total national surplus capacity to produce!

I have not drafted a bill along these lines, but I believe the idea is worth considering.

I have thus far suggested some of the approaches we should take to overcome some of the domestic difficulties that must be solved before we can maximize the role our abundance can play in assisting developing nations. There are other barriers that have international implications. Time does not permit their examination at any length here, but I would like to point out that they, like our domestic difficulties, offer both problems and promise.

On the international scene we see another dilemma of scarcity and abundance.

On the one hand, there is the world-wide food deficit that I referred to earlier when I described the increased need for food that will accompany rapid growth of developing nations. The total of this deficit is greater than can be met by the United States alone. In fact, the total deficit that our economists predict by 1980 can be met only by the total of the surpluses that the United States plus all the other prosperous, highly developed countries would be likely to produce.

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On the other hand, we see these highly developed countries worrying about surpluses and trying to raise barriers against agricultural imports. As a result agriculture and agricultural commodities have been headlined lately as subjects of dispute and controversy that seem to stand in the way of efforts to liberalize and expand international trade. Highly developed and industrialized nations of Western Europe, as they develop their own potential for producing food surpluses, seem to be raising barriers that lead toward greater autarchy and international economic anarchy, rather than toward the stated goal of more liberal trade.

If this happens it will mean a retreat from cooperation and abundance back into scarcity and rivalry. It could even jeopardize the strength and significance of the Atlantic Alliance.

Here is a situation that offers real opportunity for statemanship. Instead of rivalry and potential trade war there is the potential for developing arrangements among the free nations of the world by which trade and aid could be combined as a foundation for a new dimension in world economic cooperation. If the highly developed nations of the free world would reach beyond the short range goals toward the goal of greater opportunity and abundance for all mankind they could now make arrangements to expand both aid and trade as part of a co-ordinated program. I hope that in various meetings and negotiations in the next few weeks the United States will be able to take the lead in urging such a new, constructive approach, and I will be discussing this and making some proposals -- in Amsterdam and in Rome -- in the week just ahead. In this way, agriculture could truly lead the way toward fulfillment of the promise of abundance throughout the world.

The task will not be easy. We will have to overcome barriers of tradition, of nationalism, of short range self-interest, and of fear. We will have

to overcome barriers of ignorance -- not only the ignorance of the masses in the less developed countries, who do not know how to produce, transport, store and use the food they need -- but also the ignorance of leaders and statesmen in the developing countries, who do not yet know how to distribute the abundance they know how to produce.

But surely there is leadership in the Free World of today with the vision, the ability and the common sense to enable us to mobilize our best thinking, our utmost in cooperative effort, to the end that we may overcome the social, cultural, political and economic barriers that stand in the way of the age of abundance that modern science and technology have made possible.

This is the task of social engineering that I described earlier as the greatest need of our generation. To be carried out successfully, both in the international field and here within the United States, it will require greater public understanding than exists today -- understanding of the needs and goals, awareness of the promise of abundance, and of the problems that lie in the way of its fulfillment.

No government agency can bring about that degree of public understanding. But you, here in this room, represent the groups that can bring it about. You represent the universities. You represent communications media. You represent religious and other voluntary groups that have already done so much to awaken your members to their responsibility and opportunity. You represent agriculture and industry, that have so much at stake.

It is appropriate that food and agriculture should lead the way toward making the promise of abundance a reality throughout the world. If agriculture can show the way, it will indeed be in the front and center of man's aspirations for progress and peace.

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U. S. Department of Agriculture
Office of the Secretary

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1963
I am grateful for this opportunity to once again join you at your national Session. You received me very kindly in Fort Wayne a year ago, and your hospitality here in Portland makes this a most pleasant visit for me.

A Grange Session is an important occasion for many reasons. One is that as the oldest of farm organizations, you signify the importance of unity and organized effort among farmers and the fact that it is more important today than ever before that farmers speak with one clear voice. I have chosen this important occasion to make public a very important study recently submitted to me by the National Agricultural Advisory Commission, on which your own Harry Caldwell gives outstanding leadership as Chairman. And further on the basis of that study, I want to set down here a very important statement of administration farm policy.

The study, entitled the "Family Farm in American Agriculture", is a clear and simply written document of great importance to you and to all Americans. I hope you will read and discuss it in your local Granges. I would like to see this study become a subject of discussion and debate in rural and urban areas from one end of the country to the other, so that the air could be cleared of misunderstandings about the family farm. We hear much talk these days that the family farm is done. I suspect the majority of the American people consider the family farm a carryover of the past. But the Commission study, based on unromantic logic and hard economics, makes totally different findings. It concludes that the family farm is one of the

Address by Secretary of Agriculture, Orville L. Freeman at the 97th Annual Session of the National Grange, Hotel Multnomah, Portland, Oregon, November 12, 1963 at 7:30 p.m. (PST).

main supporting beams of our high standard of living, and the key to our unchallenged world leadership in agriculture. Family farms have met "the requirements of a technological age as well as they once met the needs of settling a new country."

The important statement of policy I want to make here is that the family farm is the keystone of the agricultural policy of the Kennedy administration. Just as the amazing productivity of American agriculture is the solid foundation for our unparalleled standard of living, so the family farm is the rock upon which we have built the achievement of American agriculture. We believe the family farm is essential to the strength and well-being of our nation. We are determined that in the total national interest the family farm will continue to grow in efficiency and effectiveness. National farm policies have been and will in the years ahead be shaped to enable the efficient family farm to maintain its independence so that it can continue to meet our basic needs for food and fiber.

Nothing would please me more than to see the Commission study become the center of controversy and debate. It subjects the family farm to a test as to its worth as a commercial enterprise. It does not measure its social and moral values, although it recognizes that these, too, are of critical importance. There is no question that the family farm, as an institution, contributes enormously to the social fabric of our nation... and its moral virtues of hard work and emphasis on family are essential parts of our national heritage.

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But the debates and doubts we hear today as to the worth of the family farm do not question its moral and social values, they question only its contribution to the nation as an efficient commercial enterprise.

Let me, for a moment, then renew in more depth those phases of the study which deal with the economic value of the family farm... and with the implication of those findings.

The Commission defines the family farm as one that does not hire more labor than the family provides, or about 1.5 man-years. The family farmer also has a substantial equity in land, equipment or livestock, for unless he has such an investment, it is unlikely he will have managerial control or security.

It should be apparent by this definition that the size of a farm, or the amount of capital invested, or the value of farm output are only indicators, for the family farm can be big or little in these terms. The distinguishing feature of the family farm is the incentive that ownership and management of a farming operation vests in the family that does most of the work.

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First of all the Commission report makes it clear that as of now the family farm is not fading away. Instead it is growing both in relation to the number of farms and to its share of production.

Taking only the measure of hired labor as a criterion, a clear picture of the dominance of the family farm emerges. In 1944, farms employing less than 1.5 man-years of hired labor accounted for 94.5 percent of all farms and they marketed 66.5 percent of all farm products sold. In 1959, these farms accounted for 95.7 percent of all farms and for 70.1 percent of all marketings.

The Commission also considered another important question. They asked what dollar volume of output, as it relates to the size of the farm, would be necessary to bring a decent living for family farmers. Here the Commission concluded that in order for the family farm to be of an adequate size -- to provide the family with a standard of living on par with most other Americans -- sales of \$10,000 or more on the average are required, under today's conditions. Some farms grossing less than \$10,000 will actually be more profitable than some which gross \$20,000, but on the average the \$10,000 figure is a useful guide.

Here again the Commission study shows that the trend in recent years has been strongly in this direction. Between 1949 and 1959 the number of farms with sales of \$10,000 or more -- and hiring less than 1.5 man-years of work -- increased 95 percent. In comparison, farms selling less than

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\$2,500 worth of farm products declined 43 percent (excluding farms omitted by change of Census definition). At the same time the Commission noted that the number of farms with sales above \$10,000 and hiring more than 1.5 man-years of work -- the larger than family farms -- also declined in number, decreasing some 3 percent in that decade.

We all recognize there is a substantial number of family farms which are not adequate in terms of gross marketings. Our goal is to enable them to become adequate, efficient family farms or to help the families who live on them to find either adequate non-farm employment, to combine farming and off farm jobs or, if they choose, to find jobs outside their present communities. To do otherwise would be unfair, if not cruel, to those who cannot obtain an adequate income or decent life on an inadequate farm.

The Commission findings that the family farm is a going commercial enterprise growing stronger...not weaker...seem to me to be based on solid fact. Rather than a dying vestige of a past era, the family farm continues to be the most efficient means of producing food and fiber that has ever been devised. There is no other system of farming which provides its customers with food at so low a cost in relation to total income. In no other country does the consumer eat for less than 19 percent of the average family's spendable income, or have so nutritional and diversified a diet. This, then, is the measure of the success of our American family farm.

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The achievements of the family farm system contrast dramatically with the troubles so evident today in Russia and other Communist nations. Agriculture, for the most part, cannot be treated like a factory -- particularly in producing the more specialized foods which people want as their incomes improve. There are too many variables to consider in agriculture, and they cannot be engineered so as to be performed simultaneously by specialized labor and machinery. There can be no efficient assembly line for agriculture. In fact, the effort to apply factory principles to farming is the weakness of Russian agriculture, and the basic reason they will never equal the family farm in productivity and efficiency.

Let me emphasize, however, that neither history nor the conditions of natural advantage necessarily guarantee the future of the family farm in the United States. I would alert you that there are forces unrelated to the efficiency of family farming which work constantly to erode its economic strength, to compress and control its markets and to alter its independent position. Concern for this danger is highlighted by the Commission study, and I would like to quote what they have said:

"The investment required in a well-organized family farm has grown to the point where acquisition of ownership by the succeeding generation of farmers is even more difficult than it has been in the past. The net income of farm families has become a smaller proportion of income from marketings as purchased supplies and machinery have played a larger part in production; family incomes are more vulnerable than formerly to the effects of sharp price declines or crop losses resulting from adverse weather.

"Mass merchandising methods in food distribution have created markets in which buyers demand large volumes of uniformly good quality from producers. Some marketing functions once performed on the farm have been moved beyond the farm gates to processing and distribution industries. In some instances, processors are integrating entire production operations with their nonfarm operations. In others, suppliers are performing a large part of the production function under contractual arrangements. Possible future developments in this area will take the form of close working relationships between independent farmers and business firms, but disappearance of farm production as a distinct and separate operation is conceivable in some cases."

In other words, vertical integration, contract farming and the growing dominance of the retail end of the food process -- all unrelated to efficiency of the family farm -- may well endanger family farm agriculture.

The Commission study also makes it clear that commodity programs have been a key influence in the growth of the adequate family farm and that these programs must continue in same form.

The study reports that "The root of the farm problem is the inability of the ordinary economic adjustment processes to carry the extraordinary burden placed upon them by rapid technological advances in agriculture." The problem, then is overproduction, or the ability to produce far beyond our capacity to consume, sell or give away.

The Commission study points out that "The disappearance of many inadequate farms will not materially alter the overproduction problem confronting the more productive farms, just as price supports favorable to adequate family farms will not solve the income problems on the smallest farms."

Thus, the Commission concludes, "programs to support farm income have contributed, directly or indirectly, to such income and financial solvency as the more successful competitors enjoy."

The Commission report makes it clear that commodity programs, rather than being relief or social welfare programs, have been and are necessary for the efficient farms which require heavy capital investment. They are helpful to the small, inadequate size farm, but they are not designed for that purpose.

But the questions repeatedly asked and the violent criticism directed toward commodity programs, even as American agriculture is acknowledged to be supremely successful in accomplishing its prime purpose of feeding our people effectively and well, are an indication of the searching examination of agriculture now underway. As in other parts of our economy, many changes are taking place...and we are trying to understand them better.

The Commission study, for example, is one of the signs of ferment which indicate we are approaching a decisive period in American agriculture. It is a time when the people as a whole and farmers in particular are in the process of enunciating a new agricultural policy that gives meaning and direction to what seems at times to be a confused picture with unanswerable questions. We have been moving in the direction of clarification for some time, although the efforts to test the limits of the new agricultural policy are often obscured by the noise and rhetoric of the debate.

We have, for example, subjected the family farm to the most rigorous kinds of tests under the most severe conditions, and it has emerged stronger

and more vigorous than before. We have tested various types of commodity programs, as well as efforts designed to eliminate them, and have found they will continue to be necessary if adequate family farms are to receive reasonable returns during a period of rapid and massive technological change.

The new agricultural policy that is gradually emerging is much broader than commodity programs alone. It recognizes that we must make full use of our resources, both natural and human, in rural America -- and commodity programs alone do not provide the full range of opportunities necessary to broaden the rural economic base.

In this respect, the community programs of the Grange are a phase of the testing process of the nature of a new agricultural policy. I commend you for the Grange Community Service program, and I only wish that I could be here to congratulate the winner of your community service contest.

We are developing within the USDA a series of programs and services designed to assist the rural community and the farmer to expand the range of job and income opportunities. You have heard me talk about Rural Areas Development before, and you will hear me talk about it in the future, for it is an essential part of a dynamic and expanding rural economy. We seek to use land, not idle it. We seek to encourage community growth, not its stagnation and decline. We seek to make use of rural resources to meet the needs of the city for outdoor recreation -- for space and green land -- and to provide the rural community with new income opportunities. We oppose the philosophy which would drive people off the land when there is so much need for all the goods and services which land and people can provide.

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Another area where we have been testing and probing to enlarge the scope of our farm policy is in the relationship between agricultural trade and aid. This Administration, as you know, has taken strong and vigorous action to protect and expand world markets for the products of our farms. I leave from here tomorrow, in fact, to attend a symposium in Amsterdam where a discussion of agricultural trade with the Common Market is now underway among government leaders, businessmen and private citizens from both sides of the Atlantic. The USDA is sponsoring this trade conference as an effort to enlarge the peaceful dialogue on ways to encourage liberal trade policies for farm products.

The President has fought hard and will continue to insist that the fair and legitimate interests of American agricultural trade be recognized by the Common Market. We are competing more and more effectively all over the world for agricultural markets. We now maintain two permanent exhibits in Western Europe and in Japan, and we join with more than 40 commodity groups in various promotion efforts. We anticipate a record export volume this fiscal year, possibly as much as \$6 billion in sales as compared to \$5 billion last fiscal year.

But a concern for ways to enlarge present commercial trading opportunities is not enough. Herschel Newsom recognized this clearly in his address when he said that agriculture "must achieve a climate which will give reasonable prospect...to its ability to meet the incredible food demands of an exploding population everywhere." He strikes to the heart of our opportunity when he said that "Those who are recipients of our abundance and benevolence today will be customers of our productive plant tomorrow."

He is right. The potential expansion of our productive capacity in the United States, if it is to find markets, depends in large measure on the development throughout the world of standards of living high enough so that a growing number of people will be able to buy the products of our farms and factories. This is especially true in Latin America and the Far East. Our own continued enjoyment of abundance thus depends upon the extent to which underdeveloped peoples of the world can be helped to achieve their potential for abundance so they can buy.

There are of course many questions which remain to be answered, and I can see many difficult problems ahead as we build a new agricultural policy. But there is emerging today a much fuller appreciation of the role of agriculture and rural America in the modern world in which we live. We should encourage and stimulate this appreciation to the maximum extent possible, for out of it can come new and unprecedented growth and opportunity. It will require that we do many new things, not the least of which is to begin thinking in terms of a world of science and technology and potential abundance for all -- not in terms of yesterday's world of scarcity and hunger.

After many years intimate association with the problems of agriculture, I am increasingly convinced that the key to peace and plenty in the world of the future is agriculture. It promises a new dimension of living for all Americans...and it can provide the means of achieving adequate food and fiber in a world which even today is still two-thirds hungry.

Perhaps you will say it is a dream. But it is not an impossible dream, and I ask you to share it with me...and to work with me to make it a reality.

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I am delighted to be here.

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Those of us who work in the U. S. Department of Agriculture have many problems and many opportunities. One of our problems is keeping in close enough touch with farmers amidst all the other pressures and demands that are made upon us. One of our opportunities is to meet and visit with many fine people while we are trying to keep ⁱⁿ close touch with farmers.

We have a variety of means for trying to keep up with what farmers are thinking and to get the benefit of their good sense and advice. We have advisory committees, farmer elected ASC committees, and others. However, nothing can take the place of getting out among people away from Washington, and meeting with farm organizations like your Farm Bureau meeting here. I'm sure I'll benefit from being with you and I thank you for inviting me.

I want to talk to you some about the marvelous success story of American agriculture, and about some of the problems that have been created for agriculture by its own success.

The primary function of agriculture in our society is a very basic one -- it is to provide food to sustain human life. It's just as true today as it ever was that everyone else depends on the farmer to keep him alive. The efficiency with which the American farmer is performing this function today is a modern miracle. All of you know first hand about improvements in farming methods, greater use of machinery, heavier fertilization -- all these things which combine to enable farmers to produce more and more efficiently and more and more abundantly.

Address by Under Secretary of Agriculture Charles S. Murphy to the annual convention of the North Carolina Farm Bureau Federation at the Jack Tar Hotel in Durham, N. C., at 9:30 a.m., Wednesday, November 13, 1963.

The result of all this is that fewer and fewer farmers can produce enough to meet all our needs, and that in competition with each other they provide food for the nation at prices which return to the farmers a progressively lower share of the national income. Twenty years ago, one farmer produced enough to feed himself and 10 other people. Two years ago, it was himself and 25 other people. This year it will be himself and 28 other people.

Twenty-five years ago, the farmer received 8% of the average consumer's income for producing the food the consumer ate. This year the farmer will receive 5% of the average consumer's income for producing his food.

There is another element which must be added to the picture. Increasing yields per acre make it possible to produce more and more food on fewer and fewer acres. This year we have some 50 million acres of crop land held out of production under the Conservation Reserve and the feed grain and wheat diversion programs. Even with this fifty million acres diverted, we are barely holding production down enough to prevent surplus stocks from piling higher. In fact, in the case of cotton and tobacco surplus stocks are going higher. But now we're keeping 50 million acres of good crop land out of production -- at very considerable expense -- to keep production within manageable limits. Moreover, our estimates indicate that we will need to keep this 50 million acres -- or its equivalent -- out of production for years ahead -- at least through 1980. That is to say that taking full account of our growth in population, of rising standards of living in the U. S., of all prospects for exports with all we can do to increase export markets -- taking account of all prospects for increased markets for farm products, yields per acre will increase so fast we will still need to keep 50 million acres out of production to keep from being smothered by surpluses.

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One other element to consider -- the most important element of all -- is people. The number of people who live on farms is already down to 8% of the population. It is still decreasing. As family farms continue to become larger and more efficient, the number of such farms needed to produce all the food and fiber that can be effectively used will continue to decrease. The implications of this process are pointed up by one rather startling fact -- of the boys who are growing up on farms today, only 1 in 10 can expect to have an opportunity to make a decent living as the operator of an adequate family farm when he is grown.

These are not pleasant facts I'm talking about. For many of us they upset ideas and hopes and aspirations we have had for years. Nevertheless, we had better face up to the facts and try to meet the situation that really exists instead of sticking our heads in the sand and pretending these facts would go away if we just ignored them.

What are the implications for North Carolina? Well, they are enormous. Agriculture is still by far North Carolina's biggest industry. The economy of this State is perhaps more dependent upon agriculture than that of any other State in the Union.

North Carolina is the only billion dollar a year farm State east of the Mississippi River. There were more people living on the farms in North Carolina in the last census -- 950,000 people on 200,000 farms -- and more workers on the farms of North Carolina this past summer -- 678,000 --- than in any other State of the Union.

This means, among other things, that the technological revolution in agriculture is likely to have a more profound effect in North Carolina

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in the years ahead than in any other State. It means that it is more important to create non-farm jobs in rural areas in North Carolina than in other States. It means that more young people now growing up on farms will need non-farm jobs in the years ahead, and will need the education and training to equip them for other jobs.

Fortunately, North Carolina has many blessings that will help her to meet this challenge. These include a diverse economy in which manufacturing and industry play an important role along with agriculture. They include varied conditions of soil and climate that make possible a balanced and unusually diversified agriculture. More important, these blessings include a long and strong tradition of educating her young people. If young people have an education, they can get jobs -- and North Carolina has been in the forefront in this field for years. You people must see that she stays there.

One other advantage I believe you have in North Carolina is the pattern of population distribution with cities and towns distributed widely and rather evenly throughout the State. This may well make possible a combination urban-rural society that can have the best of both. To put it simply, I think it may be more convenient for a larger part of the people to work in town and live in the country in North Carolina than in other States. I think that's important. In fact, personally, I think it's important enough that I have my home more than 30 miles from my office, because I think it's worth going that far to get out where there's fresh air and sunshine -- and some water.

Finally, I know you have the spirit of progress in North Carolina. I'm not saying that just because I'm a native of this State. Everyone, all over the country recognizes this as a fact, so you and I may as well admit

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it and go ahead on that basis. With all these advantages, I am confident North Carolina can handle the drastic changes that will be taking place in agriculture, but it will not be easy.

I wish now to refer briefly to a program of the U. S. Department of Agriculture that is designed particularly to help make the transition in rural America which is inevitable because of the change in our agricultural economy. I refer to the Rural Areas Development program. I'm sure you have heard of it. I hope you will have a growing interest in it in the months and years ahead. We believe it can do much for you, and you can do much for it. We believe that working together we can not only weather the transition in agriculture, but that we can make rural America more prosperous and a better place to live.

The RAD program represents, from our standpoint, a major re-orientation of a number of the Department's programs to achieve a coordinated effort to cope with the problems of rural areas in these changing times. I wish to emphasize that this is a program to work with and help local people when and if they want us to -- and not otherwise. If local people do want us to, we are prepared to work with them in making and implementing plans to adjust their communities to the realities of an age that has drastically reduced the need for farm labor. Within the limits of our ability, we will provide technical assistance and financial help.

The basic concepts of RAD are not new in North Carolina. As long ago as 1951, the farm organizations and the State and Federal agencies in North Carolina got together and undertook a "challenge program" with the same broad objectives. Today, the State agencies and farm organizations are

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pressing forward even harder with programs to meet the accelerated pace of the changes in the State's rural economy. I am confident that their efforts and those of the U. S. Department of Agriculture will fit together very well.

As we see it, RAD has eight goals. These are to aid rural people -- farm and non-farm:

1. To expand job opportunities through loans, grants, technical services, and training programs that create new factories, stores, recreational enterprises, crafts, and services of all kinds.

2. To improve the family farm system of American agriculture.

3. To encourage more rapid development of recreation facilities on rural land to provide farmers and rural businessmen with a new source of income, and at the same time serve the needs of our growing urban population.

4. To bring rural income up to a level equal with income nationally.

5. To encourage adjustments of land into patterns which will utilize each acre and each resource as the nation most needs them.

6. To provide the technical and financial assistance necessary to conserve soil, water, forest, fish and wildlife and open spaces around our metropolitan centers.

7. To help rural people improve existing community facilities, or where needed, build new ones so that they have the public services which people expect a modern community to provide, and

8. To eliminate all causes of rural poverty.

Many people throughout the country seem to be keenly interested in RAD. To most people it is a truly pioneering effort in the sense that they are trying to accomplish something in a way and on a scale that is new to them. To accomplish results commensurate with the need will require time as well as the dedicated efforts of many people. (more) USDA 3798-63

However, the program is gaining momentum. It is already creating jobs. It is getting people started on plans and projects that will create many more jobs and more income for rural America.

I am not going into the RAD program in detail, much as I would like to, but we do believe that it holds great promise for the future. I want to move on to talk some about commodity programs and the farming operations that are the mainstay of our agricultural economy.

I am glad to be able to say that in spite of all the vicissitudes that have beset us we have achieved some increase in farm income in the past two years. For the whole country, gross farm income in 1962 was \$2.9 billion dollars above 1960. Rising farm costs ate into this sharply, but even so net farm income in 1962 was \$900 million above 1960 and we expect it to be nearly as high this year. North Carolina has been sharing in the increased income, with gross farm income in 1962 being \$42 over the year before.

Unfortunately, the outlook for National farm income for 1964 is not so good. The principal reason for this is the adverse vote in the wheat referendum last May. Under existing law, we estimate that wheat farmers income will be about \$600 million less with the "No" vote than it would be with a "Yes" vote. This is over one-fourth of the gross income from wheat and must be near the entire amount of net income from wheat farming. I must confess that I still do not understand why wheat farmers voted as they did in the referendum. I am glad to say that in North Carolina the vote was favorable and particularly glad that this organization did not oppose a favorable vote in the referendum.

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I think your experience with the tobacco program has taught you the value of price support programs. The tobacco program over the years has been very successful.

In 1940, the first year the acreage allotment program was in effect, following the voting out of quotas in 1939, the National flue-cured tobacco allotment amounted to 758,210 acres, the average yield was 1,025 pounds to the acre, and our total flue-cured production amounted to 668,600,000 pounds. This year - 23 years later - our National allotment is 708,489 acres, our yield per acre is estimated at 1,887 pounds and our total production at 1,309,000,000 pounds. The average price per pound in 1940 was 16.4 cents, and the estimated per pound price in 1963 is 59.2 cents. In 1940 there were 196,014 acreage allotments to growers - this year 201,198 allotments.

How has this program treated a flue-cured tobacco farmer who started out in 1940 with a 10-acre allotment?

On 10 acres in 1940, the average production was 10,250 pounds which, at 16.4 cents a pound, returned the farmer \$1,681. In 1963, assuming this original 10-acre farmer has had no adjustments for underplanting or overplanting his allotments, his allotment this year was 7.9 acres which produced on the average 14,907 pounds and, at 59.2 cents a pound, returned the farmer \$8,820. Thus, under this production and price stabilization program, the farmer who had 10 acres in 1940 received \$1,681 for his crop, while this year, with his allotment at 7.9 acres, he had a return of \$8,820 for his crop - over 5 times as much.

Now, I ask you, do you think that kind of a program is worth saving? I believe you do. Your favorable votes of 98 or 99 percent year after

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year in the tobacco referendums would seem to so indicate. But I must confess that sometimes you confuse me. I believe I read in a North Carolina newspaper last month where one of your county Farm Bureaus voted to support the tobacco program and at the same meeting voted in favor of ending so-called Federal control programs. I don't see how you can do both at the same time. The tobacco program is what people call a control program. It just takes a two-thirds vote of the farmers to put it into effect. And I tell you that in my judgment when and if other control or price support programs go out the window, the tobacco program is going with them.

Some people oppose all price support programs. Other people oppose such programs generally, but make an exception for tobacco and sometimes for cotton. I have trouble seeing how they can justify the exceptions when their opposition is on philosophical or moralistic grounds, as it frequently is. If it impinges on an American's freedom to have marketing quotas and acreage allotments for wheat, does it not impinge on his freedom just as much to have marketing quotas and acreage allotments for tobacco? Is the tobacco farmer of North Carolina to be any less a free man than the wheat farmer of Kansas? Oh, no. The same people who want to protect that Kansas wheat farmer from his Government also want to protect you from yours -- and they want to end your tobacco program to do it.

Any President who wants to get rid of farm price supports can do it. The Congress would follow him down that road without much doubt. Year by year, the Congress represents more and more city votes and fewer and fewer farm votes. From now on, you can count on needing leadership and support from whatever Administration is in power to keep your farm programs. You have been

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getting leadership and support from President Kennedy, and you will keep on getting it from him. He believes in farm programs, and time after time he has called on urban Congressmen to help the American farmer and they have responded to his leadership.

It behooves you well to think what the tobacco program means to you and to North Carolina -- \$563 million last year, almost half of your cash farm receipts. It is probably true that the economy of North Carolina is too dependent on this one crop, and you are wisely moving to diversify your agriculture. There is danger enough of income from tobacco falling off with all of us doing the best we can to maintain it. But the idea that we should voluntarily bring disaster upon ourselves by ending the program which has served us so well is almost incomprehensible to me.

In any event, speaking for me and my house, we believe in farm price supports. And we know that if you are to have price supports you must have a reasonable balance between supply and what the market will take. That is the road we aim to follow.

Tomorrow morning, in Raleigh, we're going to have a public hearing on how to keep the tobacco program operating next year as well as possible. I hope you will have someone there to speak for you. We have some serious problems to deal with. We need to know how to keep our tobacco high in quality. We made some improvement this year over last year, but we are not out of the woods yet by any means on this quality problem. We need to know what the acreage allotment should be for next year. And we must recognize that there has been a substantial increase in carryover both last year and this year. As we seek to deal with these problems, we need -- and we want -- your advice and your help.

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Before speaking on the subject of this morning's discussion, I would like first to express my profound appreciation -- to you, Mr. Chairman, to our speakers, to our discussants, and to you delegates -- for having taken the time during this busy season to participate in this symposium.

I would like to thank the gracious people of The Netherlands for their warm hospitality. And I would like to thank Prime Minister Marijnen and Minister of Agriculture Biesheuvel in particular for their cooperation and helpfulness.

This symposium is, to me, the realization of a long held desire for more effective communication between our nations.

A year and a half ago, at a meeting on trade as it affects our Mississippi Valley, we discussed the growing need for better understanding in food and agricultural matters between Europe and the United States. I suggested that we needed to build an Atlantic Bridge of Ideas, to facilitate a two-way exchange on the resolution of our mutual concerns. Across this bridge would flow now only the official ideas of governments, which already are being exchanged, but also the ideas of private citizens.

I know that many of you have shared this same desire. Last April Dr. Sicco Mansholt spoke at Cornell University in New York State. He, too, emphasized the need for a bridge of understanding and ideas. Dr. Mansholt said:

"I believe that good understanding is an absolute necessity. But it must be good understanding on both sides. We have to understand in Western Europe your difficulties; and you have to understand that we have some delicate problems to deal with too."

Address by Secretary of Agriculture Orville L. Freeman at concluding session of European-American Symposium on Agricultural Trade, Amsterdam, The Netherlands, RAI Exhibition Building, November 15, 1963.

This Symposium is a forum for such an exchange of ideas and understanding. It is a forum unique in world history. Here we have turned the spotlight, not only on some immediate and urgent problems that demand solution, but also on some "delicate problems" that seem to defy solution. If this public exposure of mutual concerns has moved Western Europe and the United States toward better mutual understanding, this symposium will amply have fulfilled its purpose.

"Relating national agricultural policies to expanding trade" is a delicate but fundamental matter. International trade is made up of the contributions of individual nations. International trade has been likened to a web in which a tug at any one segment is felt in all the other segments. What each nation does individually affects the pattern for all.

There is, of course, nothing radically new in what I am saying. We have agreed many times over that the time is past when sovereign nations can go their independent ways, unmindful of the effect on other nations.

Each of us here, I believe, is a citizen of a nation that has acceded to the General Agreement on Tariffs and Trade. This means, and I quote from the preamble of our Agreement, that we have agreed to conduct our relations with one another

"with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world, and expanding the production and exchange of food."

Further, we have agreed to contribute to these objectives

"by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other

barriers to trade and to the elimination of discriminatory treatment in international commerce."

Similarly, most or all of us here are citizens of nations that belong to the Organization for Economic Cooperation and Development. One year ago, we ministers of agriculture of the OECD met for two days in Paris and at the conclusion of our meeting issued a joint statement. I would like to quote from the section on Trade. Here is what we agreed:

"13. The solution of domestic agricultural problems should not jeopardize international trade in agricultural products. To this end, member countries and groups of member countries should formulate their agricultural policies in the light of international trade responsibilities as well as of domestic considerations.

"14. In view of the necessity for agricultural producing nations to remain acutely aware of their international responsibilities in the trade field, they should avoid stimulating uneconomic production which jeopardizes the development of international agricultural trade."

Where agricultural differences exist between our respective nations, I do not think they are differences in declared principles. Each of us has agreed to a code of ethics that can serve us well. Our mutual problem lies in the application.

What we need today, urgently, is a rededication of resolve to apply this code of ethics to our mutual affairs. We need, urgently, to devise the programs and formulas whereby this code of ethics can be effectively applied. We need, urgently, to make the code work.

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As I interpret our code, it points specifically and definitely to an open trading society for goods, agricultural and industrial. It seeks to minimize restraints on trade. It seeks to maximize the flow of trade. It puts a premium on efficiency and progress and service.

It is not my intention to propose a blueprint for this open trading society. It might even appear presumptuous for one man to try to suggest the total master plan. The blueprint for action will need to come from the harmonizing of our many aspirations and special problems.

Time, however, is of the essence. We need to get on with the job. We need to do better than so far we have done.

The job of living up to our code will not be easy. It will offer many complications. It is a strange but true commentary on mankind's ways that war is simpler than peace because the objectives are more clearly defined.

It will be preposterous, even ludicrous, however, if the historians of the future report on this mid-Twentieth Century by saying that we were a people who had everything at our fingertips -- science, technology, and peaceful, friendly relations -- yet we failed to find ways of moving in unison.

The goal we seek is a simple one -- better living for all people. An essential part of this goal is more food and better food. We have the knowledge, the resources, and the ability in the world today to provide more food, better food, adequate food for all mankind. Now -- how can each nation go about the complex attainment of this simple goal?

I would start with the proposition that each nation owes two kinds of responsibilities. One is a responsibility to itself. The other is a responsibility to other nations.

Fortunately, these two responsibilities are not irreconcilable.

Usually they are compatible; often they are identical. Most of our major problems in food and agricultural trade arise from our failure to recognize the compatible or identical nature of these responsibilities.

Let me illustrate with a hypothetical example.

Nation "A" is an efficient producer of industrial goods and its exports of such goods are its life's blood. But Nation "A" is a much less efficient producer of agricultural products. Its land area is limited, its farms are small, its farming methods are retarded. Its farmers are fine, stalwart people but too many must share in the nation's limited agricultural income. Nation "A", therefore, resolves to help its farmers. First, it sets the prices for basic farm products at new high levels. This assures the farmer of improved income and encourages him to produce more. Second, it sets up a system to prevent entry of more efficiently produced commodities from other nations. This protects the system. Nation "A" thereby believes it has lived up to its responsibility to itself. But has it?

On the scene are also Nations "B" and "C" and "D", all of whom are comparatively efficient agricultural producers. They are blessed with large land areas, their farms are of optimum size, and their farmers are advanced in their methods. When Nation "A", in assumed self-interest, cuts herself off from her more efficient agricultural friends, what happens -- in addition, of course, to "B", "C", and "D" not liking it?

In Nation "A", under its benevolent new farm program, the price of food goes up. The nation's working force finds itself spending more for food and demands higher wages. The nation's industry, having met such wage demands, finds

it must charge more for what it produces. These higher prices, in turn, weaken its competitive position in the world market. Furthermore, Nation "A" eventually discovers that the high degree of protection given its agriculture serves only to perpetuate a system which was not sufficiently effective to begin with. Its agriculture continues to lag behind its industry in efficiency. It has not really solved the basic problem of too many people with too little opportunity -- it has only postponed the day of reckoning.

This textbook type of illustration is exaggerated, of course. Nevertheless, it has basic meaning. As we seek to ameliorate our differences, it will be a grave mistake to assume that any nation's responsibility to itself precludes the carrying out of responsibility to others. It will be a mistake to assume that problems of farmers in one country can best be resolved at the expense of farmers of other countries.

I would suggest that there are four basic types of responsibility that we owe to one another, and increasingly these should be reckoned with in the formulating of our individual agricultural programs. These four areas of mutual responsibility are:

- (1) Sharing markets;
- (2) Maintaining reserves;
- (3) Helping less fortunate people;
- (4) Encouraging multilateral trade.

I would like to offer my ideas on each.

Sharing markets. We have the responsibility of going as far as possible in opening our markets to one another. This is not always easy. Trade is complicated and historic patterns change slowly. National political forces, strongly

emotional in nature, press on all of us. In the long run, however, we will all benefit most -- producers, consumers, nations, and the world -- when the most efficient agricultural producers are encouraged, when consumers have liberal access to the world's great variety of food supplies, when an open trading society is maintained.

We are all aware that we cannot entirely do away with national desires to be self-sufficient. We cannot always throw the doors of trade wide open. But we also should recognize that overweening self-sufficiency can be self-defeating, and this is true whether practiced on a national or on a regional basis.

So let us agree that as we struggle with the problems of moving ahead, at least we will not permit ourselves to move backward. Trade must be preserved, even as we make plans to expand it. Existing obligations must be adhered to, even as we plan to undertake new ones.

And we must do more than merely talk about plans and programs to carry out our principles of expanding and liberalizing international trade. We must give more than lip service to the idea of harmonizing national agricultural policies with international trade obligations. I urge that we renew our efforts to work toward that goal through the medium of international commodity arrangements, such as envisaged in the GATT Cereals, Meat, and Dairy Groups. In carrying out this process, each country will seek -- not necessarily the same domestic policy for its agriculture -- but to adapt its own kind of domestic policy to the end of expanding world trade. Just as the European Community started with coal and iron, we need to start with a particular element of agriculture.

Grains are a good start. This week the major exporters and importers of cereal grains have been meeting in Geneva. I hope that we have begun in earnest

to work toward the eventual negotiation of an International Grains Arrangement for wheat and feed grains. Within this arrangement, I see the possibilities of these elements:

- (a) Acceptance of the basic objective of the development and expansion of world trade in grains by providing improved market opportunities for efficient producers;
- (b) An international trading price range for wheat and feed grains akin to that existing in the current International Wheat Agreement;
- (c) Moderate internal pricing policies in importing countries that do not result in the expansion of uneconomic production of grain;
- (d) Assurance by importing countries of continuing access to their markets;
- (e) Broad sharing of responsibility for carrying world reserve stocks;
- (f) Provisions for equitable sharing, on the part of the developed nations, of the responsibility for providing essential food aid to developing nations.

Maintaining reserves. Some of my friends here in Europe have long held the viewpoint that it is not desirable that the exporting countries alone should maintain the world's commercial stocks of agricultural commodities. They offer these reasons: First, a burden is placed on the exporting country; but second, and certainly more important to the importer, the importing country is at the mercy of transportation problems, whims of the weather and commercially available supplies. Furthermore, exporting countries over the long run cannot be depended on to maintain stocks far in excess of their necessary reserves.

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In recent years two nations, the United States and Canada, have been the principal granaries of the world. Each of us has held large reserve stocks of wheat and feed grains. No other nation has done so. This year, because of adverse weather in both Western and Eastern Europe, these stocks -- particularly of wheat -- are being heavily drawn upon. Should the weather conditions of 1964 be a repetition of 1963, and this is not outside the realm of speculation, it is entirely possible that the remaining wheat reserves would be drained off and the so-called wheat surpluses of the world would disappear. There is a narrower line than we sometimes realize between surpluses and scarcity.

What we suggest here today is not a World Food Bank, with international ownership of large grain stocks. What we do propose is serious consideration of the need for National Food Banks, in which each nation shares the responsibility of maintaining its part of the world granary. This would call for the voluntary stockpiling by each nation of substantial amounts of grain -- from its own production or even from imported supplies. Such stocks should not be viewed by anyone as "surpluses." They should be viewed as valuable and necessary reserves.

Helping less fortunate people. A third type of responsibility that we owe to one another is that of increasingly using our agricultural capabilities in helping the less fortunate part of the world in its struggle to advance.

We all recognize that much already is being done toward this objective. What we may not sufficiently recognize is that we are not doing enough, that the demands for assistance will become even greater. By developing international

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commodity arrangements for expanding trade, we will find it much easier to work together and share the load of meeting these expanding demands.

Our world today, like ancient Gaul, may be spoken of as divided into three parts. One-third of the world is developing very slowly. Another third is developing more rapidly. The remaining third is developed, and we nations of the Atlantic community are a substantial part of it.

When we look ahead to the year 1980 we can expect to find a continued imbalance in the distribution of world food supplies. Even though the slowly developing and the more rapidly developing countries can be expected to improve both agricultural production and purchasing power, they will continue to have large food deficits. Only the developed nations will be in position to meet these deficits.

Projections made by the United States Department of Agriculture indicate that by 1980 there may be a food import deficit of \$4.5 billion among the slowly developing nations and a food import deficit of \$21.1 billion among the more rapidly developing nations -- a possible total food import deficit of \$25.6 billion. Of this food deficit, the developing nations can make up a possible \$10.9 billion worth through increased commercial imports. But this still leaves a net food import deficit of \$14.7 billion a year to be met through aid. This is very large; it is about 10 times greater than the current Food for Peace program of the United States.

It is fortunate that the developed nations continue to gain in agricultural capability. Agricultural production in the Atlantic neighborhood and in the other developed countries is expanding rapidly. The projections to 1980 indicate our combined food surpluses may reach a total of \$25.3 billion a year. Using

these surpluses, it would be possible -- through trade and through aid -- to come very close to filling the food gap.

If the developing nations of the Free World are to join us some day as equals in trade and commerce, in mutual defense, and in friendship, we nations of the Atlantic community must work together more actively than we have done in the past as we lend a helping hand. Food assistance is an essential part of world development. It is not practical, it is not desirable that this food aid should come mainly from one nation or a very few nations. Greater sharing by all -- through our individual efforts and through such joint approaches as the World Food Program of the UN and FAO -- is a responsibility we owe to one another and to the world.

Encouraging multilateral trade. Our fourth area of mutual responsibility has to do with the limitless possibilities of multilateral trade.

As we noted before, trade is complicated. The average person finds it somewhat difficult to comprehend the complex network of multilateral trade. Yet, this is for the greater part a multilateral trading world in which we live. To the degree that our people do not understand it, each of us has difficulty in extracting the full benefits from the system.

Friends from one nation might say to me, "We buy more agricultural products from America than America buys from us. Why don't you buy more of our agricultural products?"

At the same time, friends from another nation might say, "We buy more of your industrial products than you do of ours. Why don't you buy more industrial products to balance the account?"

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The truth is, of course, that international trade accounts are not balanced on a simple product-for-product and country-by-country basis. Action in any one part of the international trade web produces action in another which produces action in still another.

To illustrate: In 1962 West Germany enjoyed a trade surplus of \$575 million with Switzerland. This surplus financed a large part of West Germany's trade deficit of \$793 million with the United States. The U.S. trade surplus with Germany, in turn, covered a U.S. trade deficit of over \$500 million with Venezuela. This meant that Venezuela had over \$500 million surplus with which to carry out its purchasing, and undoubtedly some of this came back to Germany. Multiply such actions by thousands of times and we have the actualities of trade as conducted among multilateral trading partners.

The exchange of goods is an important part of the multilateral process but it is not the only part. The process covers all the things a country does to earn foreign exchange -- including the entertaining of tourists, investments by other countries, defense support from other countries, earnings from ocean shipping and trans-ocean airlines, and so on.

Many nations, in varying degree, engage in bilateral trading arrangements -- that is, special deals between any two trading partners. But I think we should recognize that bilateral arrangements are an inadequate answer to modern needs. Bilateral arrangements violate economic laws of comparative advantage; they impose obstacles to the optimum allocation of the world's resources. They prevent the free determination of the real value of a country's currency. By limiting competition, they impose rigidities upon production and price structures. They represent a closed, rather than an open, trading society. Only through the

multilateral approach can we meet the needs of this mid-Twentieth Century.

The period immediately ahead will be a critical one. At the forthcoming GATT negotiations, the so-called Kennedy round, the emphasis will be placed not merely on tariff cutting but on reducing any and all impediments to the expansion of multilateral trade. This is a positive approach which we of the United States heartily support.

We of the United States will be participating in the GATT negotiations under our new Trade Expansion Act. We cannot realistically carry out multilateral principles except as we do it for both agricultural and industrial products, and that is why we will insist on keeping agricultural and industrial products in one package in the negotiations. We will be prepared to offer further cuts, on a reciprocal basis, of our own tariffs. We will be prepared to modify our own importing and exporting practices, in return for equivalent concessions from others. We will be prepared to negotiate toward commodity arrangements, including interim agreements to maintain the flow of agricultural products pending completion of the commodity arrangements.

As this great Atlantic neighborhood continues to move ahead, it is hardly to be expected that one country's agriculture will become a carbon copy of any other. There will be differences, sometimes big differences. It is possible that some countries will prefer high price systems, others low price systems.

It is the results that count. Regardless of internal approaches, the important thing is to preserve and expand trade. This implies that importing nations will not follow protectionist policies that increase their degree of self-sufficiency by means of encouraging uneconomic production. It implies that

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exporting nations will not dump surplus supplies on the commercial market at depressed prices. It implies broad sharing of trade responsibility.

As I conclude my remarks, I would offer this final thought. Perhaps never before has agriculture been so squarely in the center of the world stage.

In the communist countries, agricultural problems are the critical problems.

In the Free World -- in the EEC, in GATT, even in NATO -- future success rests in important part on agricultural answers.

Among the developing nations, it is becoming more and more obvious that industrial progress cannot come about except as it is accompanied or even preceded by agricultural improvement.

At the same time, never before have the world's people had so many good things of life almost within their grasp. As we stroll through the food exhibition next door to this symposium -- or as we visit any of the great food shows in the other countries of Europe -- we see impressive displays of products that King Midas with all his gold could never have purchased because they were not yet available.

Today, untold varieties of food products are available, in great abundance, at moderate prices, and in excellent quality. These products exist for only one reason -- to satisfy the desires of people.

Our challenge, our responsibility, is to work together more closely, more positively than ever before, and thereby to perfect the ways and means whereby people are able to satisfy such worthy desires.





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Nov. 19, 1963 I have looked forward to this Conference of the Food and Agriculture Organization of the United Nations for many months. My anticipation was based, not only on a desire to renew friendships and continue discussions with many distinguished representatives of other nations, but also on the fact that world conditions and problems give this Conference a deep and significant meaning to all people.

Agriculture is today at the front and center of the world stage, in a manner unprecedented in world history. As men and nations seek to hasten economic growth and development they find that agriculture plays a strategic part. As they seek to advance the cause of progress, peace and freedom by building and strengthening international economic and political relationships, they meet with agricultural problems that must be resolved before any further progress can be expected. We are beginning to recognize that developments in agriculture will directly affect the speed and direction of our progress toward a better world.

Agriculture is thus in a strategic and critical position, not only on the international scene but also within the domestic economies of both highly developed and less developed countries.

The importance of agriculture in less developed countries is highlighted by the large percentage of population directly engaged in agriculture. In many instances it is further highlighted by a serious scarcity of food. In most instances there is need for a rapid advance in

Address by Secretary of Agriculture Orville L. Freeman, Conference of the Food and Agriculture Organization of the United Nations, Rome, Italy, November 19, 1963.

agriculture as an essential accompaniment of industrial growth. No greater contribution has been made to an awakened awareness of the importance of agriculture in economic development than that made by the FAO. In the paper prepared for this Conference on that subject, I find this aspect so well presented that I need only to recommend its careful study, and to urge that we keep in mind its conclusion that economic growth cannot proceed at the desired rate without parallel progress in agriculture.

The highly developed industrial nations face other kinds of problems in agriculture. Instead of scarcity some of them have surpluses, and more of them will have surpluses in the years immediately ahead. Rapid scientific and technological advances have brought about phenomenal increases in agricultural productivity, and, along with this, problems of rural underemployment, low producer income, and high cost of government programs.

As a result, agriculture and agricultural commodities have been headlined lately as subjects of dispute and controversy that seem to stand in the way of efforts to liberalize and expand international trade. Highly industrialized nations, as they develop their own potential for agricultural production, try to raise barriers against agricultural imports -- barriers that will lead toward autarchy and international economic anarchy rather than toward their stated goal of more liberal trade.

Thus we face, at one and the same time, twin problems in agriculture.

In highly developed countries, agriculture has progressed so fast and so far that the resulting productivity creates domestic problems

and threatens trade wars that would be a serious drag on international efforts toward greater harmony and unity and expanding trade.

In less developed countries, agriculture has progressed so little and so slowly that hunger and malnutrition are widely prevalent and industrial growth is severely retarded.

Agriculture, which today is in the position, scientifically and technologically, to provide man's basic needs in sufficient quantity for all, is regarded as a problem rather than as a promise because we have not been able to overcome the social, cultural, political and economic barriers that stand in the way of the abundance that is now physically possible.

The most important truth of our generation is the fact that the physical barriers that in ages past imposed want and scarcity upon men have been struck down, within our lifetime. The most important need of our generation is for social science and social engineering to catch up with the physical sciences, to the end that we will overcome the barriers that prevent the promise of abundance from becoming a reality. The challenge that we face here today is to consider what steps should be taken, in the broad field of agriculture, toward that end.

I believe that the key to the solution of these problems and difficulties lies in two simple words -- trade and aid. I believe that a rational and mutually beneficial approach to these problems could result in the hitching together of trade and aid into a powerful team that could exert a mighty pull toward greater prosperity and economic growth in both developed and developing nations. This situation presents us with an

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enormous responsibility as well as a tremendous opportunity.

In considering this approach I would like to present, first, the magnitude of the needs for food aid in the developing countries; second, the needs of the so-called developed countries; and, finally, the reasons why trade and aid must be considered together as parts of the same effort to reach an over-all goal that is of paramount importance to both developed and developing nations.

First, the needs for food aid in the developing countries in the years just ahead, let us say between now and 1980, are substantially greater than is generally realized.

It is relatively easy to estimate the nutritional needs for food in the developing countries by that date. One projects what the population is likely to be and multiplies that by the per capita needs for an adequate diet. If, in any particular country, this total cannot be met by domestic production and commercial imports, there is a nutritional deficit that I believe we all agree should be met by food aid.

But a new need for food arises as developing nations move into the stage of more rapid economic growth, and this need is not so easy to estimate. Rising incomes and higher levels of living bring about a demand for food above and beyond bare, minimum nutritional needs. Our economic studies show that in rapidly developing countries this increased demand for food will outrun increased agricultural productivity. They show that, in the years immediately ahead, the amount of food needed to meet this economic or growth deficit will be much greater, even, than the amount needed to

raise diets to minimum nutritional levels. And if that need is not met, development will be seriously retarded.

Economists in the U. S. Department of Agriculture, utilizing data from the FAO's Third World Food Survey and from the earlier World Food Budget study of USDA, have prepared an analysis of the world food deficit to be expected by 1980 which, for the first time, provides us with meaningful data to relate food needs to economic growth. This analysis merits careful study on the part of all concerned with this problem. Its conclusions are based on projections of reasonable and likely rates of growth in population, in industrial development, and in improved agricultural productivity.

It is clear from this analysis that economic growth in the developing nations will require vastly larger supplies of food than is presently being contemplated for local production. Among the more rapidly developing nations, for example, we can assume that population will increase by about 2.2 percent a year while incomes may rise by about 5.3 percent a year over the next two decades. Our experts estimate that domestic food production in these nations, given better technology, will increase by about 3.3 percent annually. However, under the impact of higher incomes, the demand for food will increase each year by about 4.3 percent.

If the need for food resulting from this demand is not met, billions of dollars of purchasing power will flow against inadequate food supplies and bring about price inflation. Unless additional food can be provided, the people and the economy will be squeezed between the powerful

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forces of rising incomes and a widening food deficit -- a squeeze that will choke and threaten to destroy economic growth and hopes for higher levels of living.

Our analysis indicates that, by 1980, the over-all food deficit resulting from economic growth in the developing nations will amount to \$25.6 billion. Some of this deficit will be met through increased commercial trade as the economies of the developing nations grow. We can, for example, predict with some accuracy that commercial food imports by the developing nations will increase about 12 percent for every 10 percent increase in income. This relationship has held true since 1938, and there is every reason to assume it will continue.

On this basis, then, we can expect that the developing countries will increase their commercial food imports by \$10.9 billion by 1980. The remaining deficit will still amount to \$14.7 billion, which is almost 10 times as large as the current U.S. Food for Peace program. It is more than could possibly be provided by the United States or by any two or three of the surplus producing nations.

But there are many developed countries that now have excess productive capacity in agriculture. The developed countries as a group could be running an aggregate food surplus amounting to \$25.3 billion in 1980, a fact that is both fortunate and significant. In a general sense, there is a strong likelihood that sufficient excess agricultural productive capacity will be in existence in 1980 among the developed countries to meet the expected food deficit. But it can be met only by a combination of both trade and aid.

The ability of the developing countries to increase their commercial purchases will depend on the extent of economic growth. This growth will, in turn, depend to a significant degree on food aid for development. Thus the strategy of food aid is the keystone to the arch which will carry the people of developing nations to a better life in the future. At the same time, it can be carried out in a way that will contribute substantially to the solution of problems faced by the highly developed nations.

Let us turn, now, to the needs of the so-called "developed" nations. The first point I would make is that we must not be misled by the term "developed". Certainly we do not regard even the most highly industrialized countries in the world as "developed" in the sense that their development is finished. Highly developed as they are, they, too, put major emphasis on economic growth. They, too, seek even higher levels of living than they have achieved. Above all, they seek greater markets for all of the goods, agricultural and industrial, that they are producing ever more abundantly.

Obviously they can reach these goals only through expanded trade. Obviously, the greatest untapped markets that exist are in the underdeveloped areas of the world. It is just as obvious that these underdeveloped areas must achieve progressively higher rates of economic development before they can become good trading partners. And we have seen that food aid is essential if they are to succeed in attaining such rates of economic growth.

It is as simple as that. But these principles are much easier to state than they are to implement.

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The developed nations of the world, and, indeed, all nations, seem to have learned -- in theory -- that the way toward greater prosperity and higher levels of living is the way of expanding and liberal trade, under arrangements that encourage production where it has the greatest comparative advantage, and free of artificial barriers that can, at best, help only a small segment at the expense of the public as a whole. They seem to have learned this lesson by noting the high standards that have been achieved where trade is carried out freely over wide areas. They affirm their belief in this principle; and they do more than that, they try sincerely to develop international arrangements and institutions directed toward this goal, both on a regional basis such as the European Economic Community, and on a more universal basis such as the General Agreement on Tariffs and Trade.

But, in practice, they have not yet overcome the difficulties that beset their efforts in this direction; and today these difficulties seem to be most intense as they relate to agricultural commodities. In some instances highly industrialized nations, as they carry out policies that continue and intensify their encouragement of uneconomic production of food, seem to be almost irresistibly impelled toward raising, instead of lowering, barriers to trade, thus closing the door on liberal trade and opening the door to trade war, rivalry and scarcity rather than toward the cooperation and abundance that expanding trade could bring about.

If the highly developed nations permit this retreat into scarcity to develop, if efficient agricultural producers are to be artificially kept out of commercial markets in countries that produce less efficiently, or even if they are prevented from expanding their trade in such markets in proportion

to their expanding needs, the consequences could be disastrous for both the importing and exporting nations. Consumers in countries that impose such artificial barriers will pay in higher prices, or will get along without an abundance that could otherwise be theirs. Wages would have to be increased to make up for higher food costs, and such increases would result in higher prices for their industrial products and a weaker competitive position in the world markets. And even the protection given to agriculture would, in the long run, be futile, because it would merely protect an inefficient, uneconomical production.

Meanwhile the efficient agricultural producing countries, deprived of markets for which they have a real comparative advantage, are deprived of the source of income that makes it possible for them to be good trading partners, and the economic strength that enables them to make a contribution to the food needs of developing countries. If -- as we must -- we accept the principle that all prosperous, highly developed nations, whether they produce food surpluses or whether their productive genius lies in other goods, must accept their share of the responsibility and the cost of food aid for less developed countries; and if we recognize the fact that the food itself can be provided only by those nations that produce food in abundance; then we must recognize that the non-agricultural highly developed nations can effectively lift part of the aid load off the back of the efficient agricultural producers only by offering to provide an expanding commercial market for the latter's agricultural commodities.

It is imperative, therefore, that we surmount the difficulties that stand in the way of expanding commercial trade in agriculture. These are

essential problems arising in the trade relationships among the developed countries of the world. If, for example, we cannot learn to share and expand commercial markets for grain and livestock producers, how can we hold out the promise to the less developed countries of the world that in their agricultural areas, where they can contribute increasingly to the life stream of the world's commercial markets, outlets will exist for their efficient producers in the years ahead?

We must therefore attack these commercial trade problems more vigorously today than ever before. We are determined to achieve reasonable solutions, solutions that will contribute to the welfare of every country represented at this meeting.

The United States will press for such solutions at every opportunity. I spoke at length on that subject in Amsterdam last week. American representatives have just concluded a week of discussion of the problem in the Cereals Group of the GATT. My country will seek these solutions in the forthcoming GATT negotiations next spring, when we will urge consideration of an international grains arrangement that will establish an international trading price range for wheat and feed grains similar to that existing in the current International Wheat Agreement, and that will further take into account the following principles: acceptance of the basic objective of expansion of world trade by providing improved market opportunities for efficient producers; assurance by importing countries of continued access to their markets; and provisions for equitable sharing, on the part of all developed nations, of the responsibility for providing essential food aid to developing nations.

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If we can succeed in this first step, we will have turned the tide away from increased rivalry and threatened trade wars. Instead, we can exercise real statesmanship in developing arrangements among the nations of the world by which trade and aid can be combined as a foundation for a new dimension in world economic cooperation. If the highly developed nations would thus reach beyond the short range goals toward the greater goal of expanding opportunity for all mankind, they could then make arrangements to expand both trade and aid as a part of a coordinated program. In this way, agriculture could truly lead the way toward fulfillment of the promise of abundance throughout the world.

I should like to turn now to my final point, that trade and aid must be considered together as parts of a coordinated effort to reach the same overall goal that is of paramount importance to both developed and developing nations. This emphasis is important, if only because there are bound to be arguments that, on a short run basis as applied to relatively narrow interests, trade and aid may on occasion seem to conflict with each other. In the long run, and in the interest of the general public within any nation, these minor apparent conflicts can be overwhelmingly counter-balanced by the greater good achieved by coordinating the two.

Certainly the experience of the United States demonstrates the value of aid in promoting trade. The first dramatic program of aid on which the United States embarked was the Marshall Plan. The nations that received assistance under that program are now among our best customers. Our Food for Peace program has already resulted in substantial market gains. Japan, a former beneficiary of Food for Peace, is now the largest single commercial

purchaser of American farm products. Other countries like Spain, Israel, Greece and Formosa, are becoming cash customers.

If the developed nations of the world, those with surplus productive capacity that can be channeled into aid for rapidly developing nations, could fully realize the extent to which such aid could rapidly be translated into an expansion of commercial trade, a coordinated program could be developed. Such a program should include worldwide liberalization of trade. It should include a sharing among all the prosperous, highly developed nations, of the effort to provide essential aid to developing nations. It should include a recognition of the need for those developing nations to export products, in many instances primary agricultural products, and it should therefore provide for stabilization of prices and expansion of markets for those products. It would both impose obligations and provide benefits for developed and developing nations alike.

Let us consider, for a moment, what the situation could be -- within a few decades -- if a rational situation could prevail in a rational world. Agriculture could lead the way toward opening the door to the age of abundance that science and technology have now placed physically within our reach. Because more and more goods would be produced where they could be produced most efficiently there would be enough for all, and the combination of expanding trade and economic growth would put them within the reach of all.

If this seems too visionary to be given serious consideration, let me ask you whether you believe that, in the world as it exists today, this is any more visionary than the goal of disarmament. Yet we have official agencies, commissions and conferences working on the goal of disarmament.

Perhaps we should have just as many working on the goal of making the promise of abundance a reality throughout the world. I submit that the two goals are rather closely related.

But if we must recognize the ideal, if we are ever to achieve it, we must also recognize the tremendous difficulties that lie in the way. The task will not be easy. We will have to overcome barriers of tradition, of nationalism, of short-range self interest, and of fear. We will have to overcome barriers of ignorance -- not only that of the masses in the less developed countries who do not know how to produce, transport, store and use the food they need -- but also that of leaders and statesmen in the highly developed countries, who do not yet know how to distribute the abundance they have learned how to produce.

The task will be difficult. But we must make a start. We can at least recognize and accept the goal. And we can take first steps toward its achievement, by national, multinational and international action.

If this goal is accepted by the member nations of the FAO, I would suggest that they take steps now to set up a Food Aid Coordinating Commission to serve as a sort of clearinghouse for the food aid programs that would be carried out among the developed and developing nations. This would not be an operational body. Rather it could provide guidelines and establish procedures which would facilitate expanded food aid programs on both a bilateral and multilateral basis. It might even develop a code directed toward insuring that the aid program carried out by one nation would not unfavorably affect another. It could conduct research programs on the role of agriculture in economic development, through which we could learn how food

aid can be used most effectively to promote economic growth, what marketing facilities and other institutional and administrative changes are most urgently needed to facilitate the program, what kinds of food products would be most appropriate, what are the most desirable combinations of food aid with financial and technical assistance, and other matters of importance to the success of our programs. Such a Food Aid Coordinating Commission could be a major contribution by FAO toward whatever programs were being carried out bilaterally by various nations, and would thus complement the pioneering work it is doing in the World Food Program.

Once this goal is accepted by the major nations of the world, it should be constantly kept in mind as they negotiate commodity arrangements which, while necessarily directed toward certain specific and limited needs, would also take into account the larger goal. In making such arrangements we should accept the principle of improving market opportunities for efficient producers as the only way to really achieve abundance. We should accept the principle of liberal access to markets, and recognize the folly of measures that would promote uneconomic production. We should recognize the principle of equitable sharing, on the part of all of the highly developed nations, of the responsibility for providing essential food aid to developing nations in order to fill in the deficit that would otherwise retard their economic growth.

If we can take these first steps we will have made a good beginning. Agriculture could begin to transform its role on the world stage from one of perplexities and problems to one of great promise. Surely there is leadership

today with the vision, the ability and the common sense to enable us to mobilize our best thinking, and our utmost in cooperative effort, to the end that we may make a real start toward overcoming the social, cultural, political and economic barriers that stand in the way of the age of abundance that modern science and technology have made possible.

And if we can take such steps, meaningfully and effectively, we will help to eliminate many causes of conflict in this world. We will help to develop mutual understanding of the growing interdependence that affects every nation on earth. We can make a significant contribution to the strengthening of progress, freedom and peace.

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WORLD MARKETS FOR AMERICAN AGRICULTURE

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American agriculture is playing an expanding role in the international economy, and world markets are of increasing importance to American agriculture. Never before have international affairs and agricultural problems been more closely entwined.

I have spent the past week in Europe -- in Amsterdam, Paris, and Rome, in an intensive effort to represent the best interests of U.S. agriculture and the American economy in discussions that are taking place in these critical weeks of decision -- that could affect the future course of expanding trade and higher standards of living in the free world. Our representatives have been representing these same interests in discussions looking forward to next spring's GATT negotiations.

I therefore welcome this opportunity to discuss with you the place of American agriculture in world affairs, and particularly to emphasize the importance of the principles for which the United States is now taking a firm stand. It is of utmost importance that the American people understand the importance of these principles -- that they realize how much is at stake, both for growth of the U.S. economy and for economic progress in the rest of the world, in the international implementation of these principles.

The expanding role of agriculture in the U.S. economy is highlighted by facts and figures you have already had set before you in this

Address by Secretary of Agriculture Orville L. Freeman at 41st Annual National Agricultural Outlook Conference, 5:00 p.m. (EST), November 20, 1963, Jefferson Auditorium, U.S. Department of Agriculture, Washington, D. C.

Outlook Conference. A recapitulation of a few of these figures and projections is in order.

U. S. agricultural exports have risen rapidly over the last few years. Averaging less than \$4 billion annually in the late 50's, they have been over \$5 billion annually thus far in the 60's, and are projected to pass the \$6 billion level in the late 60's. In fact, they may even approximate that \$6 billion in the current year, depending on the extent to which U.S. trade meets the especially high demand resulting from this year's unusually bad weather conditions in the Soviet Bloc nations. U. S. farm exports now exceed those of Canada, Australia and Argentina combined.

U. S. agricultural exports have risen not only quantitatively, but also proportionately. Historically, our farm exports have represented a declining share of our total exports, but this trend has recently been reversed. We have been working hard to expand our agricultural markets, and, as you have already heard in previous Outlook papers, farm exports are now expanding much more rapidly than other exports. The agricultural share of total exports was 18 percent in 1953, while in 1962 it represented 24 percent of total exports.

Agriculture's share of total U.S. exports can and should increase still further: first, because of our efficiency in production; second, because of the world's needs; and third, because in the long run economic progress and higher standards in the importing countries -- and I speak now particularly of the highly developed industrial nations of Western Europe -- will depend on their granting of access to their markets of agricultural imports from countries that have a greater comparative advantage in production.

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I believe this principle of the economic advantages of expanding international trade is generally recognized by the importing countries. But they -- like we -- have problems of supporting incomes of their farmers. The European Economic Community is now trying to develop a Common Agricultural Policy that will meet the various domestic political problems of the respective countries and still further the goal of a closer knit community. The direction this CAP may take is of critical importance to the outlook for American agricultural exports. There are danger signs. Some proposals now under active consideration in the EEC would, according to best estimates from information now available, seriously curtail our markets, and would mean the establishment of new, highly protective barriers in Western Europe.

The United States does not presume to interfere with domestic farm programs of the EEC nations. We do, however, seek to remind them of their international obligations. We do remind them that one year ago the agriculture members of the OECD agreed at Paris on the following:

"The solution of domestic agricultural problems should not jeopardize international trade in agricultural products. To this end, member countries and groups of member countries should formulate their agricultural policies in the light of international trade responsibilities as well as of domestic considerations.

"In view of the necessity for agricultural producing nations to remain acutely aware of their international responsibilities in the trade field, they should avoid stimulating uneconomic production which jeopardize the development of international agricultural trade."

Whatever domestic agricultural programs they may choose, we do intend to press for continued fair, competitive access to their markets for our proportionate share. We do intend to emphasize to our free world partners and our NATO allies that our ability to continue to make our very

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substantial contributions to that partnership and that alliance -- contributions that began with the Marshall Plan and that include Food for Peace and other assistance all over the free world -- our ability to continue these contributions depends on their willingness to assure us access to their markets in order that we can achieve a balance of payments position that make such contributions possible.

We do intend to press for these principles of access to markets and expanding trade in agricultural products in all of the forums and negotiations in which we participate. We do intend to point out that, with the kind of trading arrangements we envisage as rational developments in today's world, trade and aid can be teamed up to promote economic growth in both the so-called "developed" as well as the developing nations, to the end that we can make a reality of the promise of abundance that today's science and technology make possible.

We hope, and will continue to work, for conditions that will enable us to expand our exports of farm products. Meanwhile let us look at what effects this year's (fiscal 1963-64) record exports can be expected to have on American agriculture.

Wheat exports in 1963-64 are currently estimated at one billion bushels, assuming prospective sales of about 200 million bushels to the Soviet Bloc. This would be about 350 million bushels more than was exported last year. These larger wheat exports and a slightly smaller wheat crop this year will permit us to reduce our large carryover stocks by about 450 million bushels. But we still will have between 700-800 million bushels on hand next June 30. Carryover stocks will be 100-200 million bushels

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more than the amount we need to carry for stabilization and security reserves. We will have ample stocks of wheat and feed grains on hand.

Substantial savings in government costs will take place if wheat stocks decrease by the expected 450 million bushels. Government costs for storage, interest, transportation, and moving wheat into and out of storage have amounted to about 25 cents a bushel a year. On the average, wheat taken over under government programs has been held about five years. Thus, total government costs for each bushel taken over have averaged around \$1.25 a bushel. Therefore, reduction in wheat stocks by 450 million bushels this year could mean eventual savings in government costs for storage, transportation, interest, and handling of \$500-600 million. These sales also mean that we will recover most of the purchase price of the wheat when we took it over.

Larger agricultural exports will make an important contribution to improvement of our balance of payments position. Total commercial sales for dollars may advance to \$4.2 billion this fiscal year as compared with \$3.5 billion last year. Wheat, cotton, and soybeans account for most of this expected rise in dollar sales.

These record exports, however, do not significantly change the production, price and income problems of American agriculture; and even the prospect of expanding exports cannot, standing alone, be regarded as the long-term solution of our agricultural problems.

In the first place we must recognize that the high level of wheat exports this year will be the result of extremely poor crop conditions not only in the USSR and Eastern Europe, but also in most of Western

Europe. Although unfavorable conditions could occur next year, we should base our plans on the expectation of more normal harvests in the rest of the world and a normal long-run level of wheat exports.

We need to keep in mind that despite poor crops in Europe and the Soviet Union, world wheat production in 1963 is near record volume. We also need to recognize that recovery of wheat production to previous levels in the Soviet Union and Eastern Europe may occur next year. In the United States, spring wheat yields per seeded acre nearly doubled from the drought year of 1936 to 1937. A similar change is possible in the new lands area of the Soviet Union next year. The Soviet Union has had annual exports of 175-225 million bushels of wheat and substantial amounts of other grains in recent years. It may well again become an important exporter of grain during the next few years.

In the second place, we must note that the expected rise in exports of wheat is small compared with our total grain production capacity. This year we will harvest about 190 million tons of wheat, rye, corn, barley, oats, and sorghum grain from about 153 million acres. If we export 200 million bushels of wheat to the Soviet Bloc this would be equivalent to the output from about 7 or 8 million acres. But 7 or 8 million acres still is very small compared with the acreage available for increasing grain production. We have about 25 million acres in the feed grain program and also other acres that could be used to expand grain production.

The best information we have available indicates that a net addition of 40 million acres of cropland would readily go into production

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by 1967 in absence of effective land-use adjustment programs. Crops would again be harvested from 330 million acres or more, instead of the 291 million expected this year.

Finally, in the third place, we need to remember that crop yields are rising. Our agricultural production capacity is increasing. Programs to improve farm prices and incomes and to achieve an agricultural production pattern that is balanced with market outlets, including foreign markets, will be essential in the years ahead. This highlights the crucial importance of our vigorous efforts to maintain and expand our access to markets abroad.

We need to consider foreign markets both in the developed countries and in the underdeveloped countries. About two-thirds of our agricultural exports go to developed countries and about one-third to the underdeveloped. This also is true of total exports. Less than 2 percent of our agricultural exports have gone to Eastern European countries in the last few years.

It is important to note that our exports are distributed between the developed and underdeveloped countries in about the same way as total income. Developed countries outside the United States (excluding the Soviet Bloc) account for about two-thirds of world income and the underdeveloped for about one-third. Developed and underdeveloped countries each import about \$20 worth of all products for each \$100 of income. They import from the United States about \$1 worth of agricultural products for each \$100 of income. Economic growth and income abroad means larger foreign markets for agricultural and industrial products for the United States.

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In the last decade, imports of agricultural and industrial products by foreign countries have moved upward at about the same rate as economic growth and increases in income abroad. We believe this also will be true in the decade ahead.

If incomes and imports of foreign countries increase at 1950-61 rates, total agricultural exports of the United States would increase to \$9-10 billion dollars by 1980 or nearly double the amounts in the last few years. The developed countries would be importing about 55 percent of the total and the underdeveloped about 45 percent.

Much depends upon what we do to build foreign markets. Agricultural trade will not be increased to the full extent possible and desirable without both effective foreign market development programs and programs to promote economic growth in developing countries.

We need to recognize that agricultural production capacity in developed countries abroad also is being increased by modern technology at a rate more rapid than growth of population and domestic market outlets. These countries face farm production, price, and income problems similar in many respects to those of the United States. On the other hand, agricultural production in the underdeveloped countries is not increasing as rapidly as necessary for accelerating national economic growth. Moreover, it is not likely to do so for some years ahead. It will take time to improve agricultural technology in these countries.

Expanding our agricultural trade on a mutually beneficial basis with other countries requires that attention be given to the following five points:

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1. Development of domestic agricultural programs that support farm prices and incomes but avoid output in excess of quantities that can be used. We recognize that other countries also have farm price and income problems when advancing technology causes farm output to increase more rapidly than market outlets. Countries that have relied upon imports to meet a substantial part of their requirements for agricultural products may find it convenient to satisfy a larger part of their requirements from expanding domestic production. Where this is done by pursuing protectionist policies for domestic agriculture that reduces imports from lower cost sources abroad, it obviously interferes with agricultural trade expansion and the international specialization in agricultural production required for improving welfare of people in exporting as well as importing countries. Thus our position in international negotiations is that other countries, not just the United States, have obligations to avoid excessive agricultural production that results in price-depressing surpluses in world markets. In a common interest in better international economic and political relationships, they, too, are obligated to keep access to their markets open to efficient producers.

2. Encouragement of multilateral trade. Freer trade policies, not increased impediments to trade, are required for rapid economic growth of underdeveloped as well as developed countries. It is recognized that removal of tariff and other barriers to trade must be a gradual process, in order that appropriate internal adjustments can take place, and that incomes of those affected can be protected. At the same time, we need to move ahead with gradual reduction of tariff and other barriers to expansion

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of foreign trade. The Trade Expansion Act of 1962 provides a new vehicle for expanding world trade. Agricultural products need to be considered together with industrial products. We have insisted upon this in arrangements being made for tariff reduction negotiations that will get underway under GATT next May in Geneva, Switzerland.

It is often said that trade is a two-way street. Of course, a country must be able to sell abroad in order to buy abroad. But international trade takes place on numerous streets. International trade accounts are not balanced on a simple product-for-product or country-by-country basis. Many nations, in varying degrees, engage in bilateral trading arrangements. But it should be recognized that bilateral trade is an inadequate answer to modern needs. Bilateral trading violates economic laws of comparative advantage; it imposes obstacles to the optimum allocation of the world's resources. It prevents the free determination of the real value of a country's currency. By limiting competition, it imposes rigidities upon production and price structures. It represents a closed, rather than an open, trading society. Only through the multilateral approach can we meet the needs of this mid-Twentieth Century.

3. Sharing markets with one another. Completely free trade obviously is not possible immediately or even desirable. This is especially true in the case of agriculture where, in the absence of stabilization measures, wide variations in production from one year to the next lead to even wider variations in prices for farm products. Prices of agricultural products in international markets need to be stabilized to avoid catastrophic fluctuations in export earnings that otherwise would occur from one year to the next for many countries. I have suggested that

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national agricultural policies be harmonized, working through the medium of international commodity agreements such as those envisaged in the setting up of GATT Cereals, Meat, and Dairy Groups. Measures are especially needed to stabilize and gradually improve the foreign exchange earnings of the less developed countries. Many underdeveloped countries rely upon agricultural and other primary products for 70-80 percent of their export earnings.

4. Food aid for accelerating economic growth in underdeveloped countries. Expanding agricultural production capacity in the developed countries can make essential contributions to economic growth of underdeveloped countries. As I pointed out earlier, developing countries find it difficult to expand food production as rapidly as required to keep pace with increased demands resulting from population and income growth. We have a humanitarian interest in helping less fortunate people abroad. But we also have an economic interest in seeing the less developed countries achieve economic growth. It will enable them to become better markets and better trading partners. The developed countries must make effective use of their growing agricultural abundance to build a basis for increased trade in the future, in the great, untapped potential markets in developing nations.

The United States has been the pioneer in providing food aid, and certainly the experience of the United States demonstrates the value of aid in promoting trade. The first dramatic program of aid on which the United States embarked was the Marshall Plan. The nations that received assistance under that program are now among our best customers. Our Food

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for Peace program has already resulted in substantial market gains. Japan, a former beneficiary of Food for Peace, is now the largest single commercial purchaser of American farm products. Other countries like Spain, Israel, Greece and Formosa, are becoming cash customers.

If the developed nations of the world, those with surplus productive capacity that can be channeled into aid for rapidly developing nations, could fully realize the extent to which such aid could rapidly be translated into an expansion of commercial trade, a coordinated program could be developed. Such a program should include worldwide liberalization of trade. It should include a sharing among all the prosperous, highly developed nations, of the effort to provide essential aid to developing nations. It should include a recognition of the need for those developing nations to export products, in many instances primary agricultural products, and it should therefore provide for stabilization of prices and expansion of markets for those products. It would both impose obligations and provide benefits for developed and developing nations alike.

5. Accelerating progress in improving agriculture in underdeveloped countries. Economic development in the less developed countries will require more than food aid shipments. Food requirements in less developed countries resulting from population and income growth are expected to increase at a rate around 4 percent a year. The bulk of the food consumed by people in underdeveloped countries still will need to come from domestic sources. There is great need for finding ways of increasing agricultural output and productivity in the less developed regions. Without it, national economic growth will be slow if not impossible. Agriculture

is the dominant economic sector in underdeveloped countries, accounting for 60-80 percent of the total labor force and for nearly half of national income. Emphasis on improving the handling, marketing, and processing of food and fiber also is important both in maximizing the contribution of domestically produced farm commodities and in utilizing food aid contributions.

We are faced with challenges and opportunities for service in agriculture on a world-wide basis as great as those in any area. Two-thirds of the people of the Free World live in less developed countries. The challenge of agriculture in these countries is to provide adequate nutrition for the people, and to promote economic growth by supplying food at low cost, by releasing workers for industry, by supplying capital for other economic sectors, and by earning foreign exchange through exports.

U. S. agriculture has done an outstanding job of contributing to our national economic growth in all these ways. We are challenged today to make the most effective use of our resources for technical assistance and food aid to accelerate agricultural development abroad and thereby contribute to national economic growth of the underdeveloped countries.

I believe that trade and aid, together, are essential if American agriculture is to maximize its contribution toward greater prosperity and higher levels of living both at home and abroad. They are important aspects of the whole, complex framework within which we seek to provide American farmers with the opportunity to earn higher incomes. They are indispensable if we are to make the promise of abundance a reality in this world.







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The full test of America's humanitarian spirit is still ahead,

Secretary of Agriculture Orville L. Freeman said today.
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"The American people during the last decade and a half have been more generous with their wealth of food and fiber than any nation in history; but the full test of the humanitarianism which made possible the Food for Peace program is still before us," he told a city-wide Lutheran Academy in Baltimore.

The Academy is a series of lectures by outstanding Lutheran laymen sponsored by all Lutheran churches in the Baltimore area.

"When the United States launches the bi-partisan Food for Peace program in 1954 -- with the enactment of Public Law 480 -- it was in recognition of the moral responsibility of a nation blessed with an abundance of food to combat hunger and starvation among people in other lands.

"After nearly a decade of experience providing food for millions in over 100 countries, we are beginning to realize that food is essential not only to meet hunger of the stomach but also to satisfy the hunger for growth which today consumes the developing nations of the world.

"As we turn to meet this hunger, we begin to realize the deeper meaning of Biblical words:

Remarks by Secretary of Agriculture Orville L. Freeman at the St. Luke Evangelical Lutheran Church, Baltimore, Maryland, December 5, 1963, 8:00 p.m., EST.

Cast your bread upon the waters,
For you will find it after many days.
Give a portion to seven, or even to eight,
For you know not what evil may happen on earth.

(Ecclesiastes 11:1,2)

"We have come to the place where we now know that food not only is a weapon to strike down hunger and starvation, but also can be an instrument to uproot the conditions which breed hunger and starvation.

"Thus, in Pakistan, food is being used for wages to build schools -- and schools give access to knowledge. In Iran, food is being used as wages to build roads -- and roads provide the means for commerce to begin. In Morocco, food is being used for wages to build irrigation systems -- and these improvements enable the agricultural economy to grow. In India, food is used as an instrument to halt inflation -- and this action prevents inflation from eating up the growth in personal income.

"In 91 nations and territories, American-produced food is being provided for 40 million children in school lunch programs -- and adequate diets mean brighter, more attentive students."

Secretary Freeman emphasized that food aid alone cannot meet the total needs of the developing nations. Technical and financial assistance will be necessary to build the storage and transportation facilities for an adequate marketing system, or the schools, hospitals and other public facilities a growing nation requires. Capital investment will be needed to help assist an industrial economy to grow, Mr. Freeman said.

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"These things will be done, because they must be done. Arnold Toynbee, in a recent speech, said that either the rich nations would help pull the poorer nations to their level, or the poorer nations would pull the rich nations to their level.

"The United States, by its willingness to share its food abundance to combat hunger, has taken the first step. But as the developing nations begin to experience growth, then we can expect an even greater demand for food to be created -- and it is a demand which must be met, or else the growth which created it will cease."

The Secretary pointed out that as personal income increases in the developing nations, the demand for food will increase at an even faster rate. If this demand is not filled, it will create inflationary pressures which will eat up any real increase in personal income and defeat the purpose of overall U. S. aid.

"With continued technical and financial assistance, the developing nations can, by 1970, overcome with their own resources the existing nutritional gap -- the gap which now causes hunger and malnutrition. But, we also estimate that a second and additional food deficit -- an economic deficit -- will be created by increased food demands of people with more money to spend.

"Overall, by 1980, we estimate the total food deficit of the developing nations will be about \$25 billion, or 10 times as great as what we are currently spending on our Food for Peace program each year.

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"This, then, is the challenge to the American people. We know that the developing nations face an enormous food deficit. It can be filled only with food -- not with technical assistance, not with capital investment, not with any amount of financial aid -- only with the ability of the American farmer and farmers of the other advanced Western Nations to produce food in an amazing abundance.

"Will we have the courage to continue? Will we have the strength of character to recognize that Food for Peace is not a program to dispose of surpluses, but rather a realistic effort to use with wisdom the abundance we have achieved?

"I believe we will....I pray we will.

"For, if we do, we will find that our abundance returns to us in many ways. We will enable the farmer to use his unique talents and abilities more fully. We will, by assisting the developing nations to emerge with stable and strong economies, create vast new commercial export markets for the products of our farms and factories. And we will, by helping others in the name of humanity, create the conditions for a lasting peace among free people.

"The Bible says that 'Wisdom is better than the weapons of war.' And American agriculture has given us opportunity never before available to mankind to prove the truth of that promise."

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I have looked forward to this meeting, for it comes at a time of summing up and at a time of action, as well. It is a time to sum up the record of John F. Kennedy, the greatest leader of our time, as he worked for the farmer and for rural America.

In the words of President Johnson, "No words are sad enough to express our loss. No words are strong enough to express our determination to continue the forward thrust of America that he began...it is a time for action."

President Kennedy was one of the best friends the American farmer has ever had: He said he would do his best for the farmer, and as the record shows, that meant results. His background was neither rural nor agricultural, and he never pretended it was. He was not that kind of man. But he knew people...he knew their needs, their aspirations, and their interdependence.

"The interrelation between prosperity on the farm and economic health of the city has never been more apparent," he said.

He knew and appreciated the efficiency of American farmers, and the abundance they created for Americans and the people of the developing countries. He said "...our farmers deserve praise, not condemnation; and

Address by Secretary of Agriculture Orville L. Freeman before the Oklahoma Farmers Union, Municipal Auditorium, Oklahoma City, Oklahoma, December 9, 1963, 7:30 p.m., CST.

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their efficiency should be a cause for gratitude, not something for which they are penalized."

He recognized the farmer as an important consumer -- a \$40 billion a year consumer of the goods and services of non-farm people, and potentially a better customer of business and industry.

And so President Kennedy established clearly defined goals for agriculture...goals which kept all Americans, as well as farmers, in mind. He said he would seek to "...eliminate the hardship and suffering which inadequate returns force upon so many of our farm families; ...reduce our surpluses to manageable proportions;...spur our nation's economy; ...assure the consumer of stable price levels," and expand "...the use of abundance."

He was guided by a deep humanitarian spirit. His first executive order increased the quantity and quality of food being distributed to needy American families. He expanded the Food for Peace program to reach additional millions of hungry people abroad.

He acted quickly when disaster threatened the family farm. The first major piece of legislation enacted in 1961 and signed by President Kennedy was the Emergency Feed Grain program to strengthen farm income and to reduce surpluses and taxpayer costs.

Legislative and administrative action followed to pave the way for increased farm income, expanded credit to rural people including senior citizens, for financing rural water supply systems, for speeding up conservation and watershed development, for recreation and other improvements of the National Forests, for a direct attack on rural poverty, and for the

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development of community facilities. The full resources of the Federal Government were placed behind the efforts of local people in a nationwide Rural Areas Development Program.

These are among the highlights of achievements under President Kennedy's leadership for the benefit of rural and urban people:

Use of Abundance

USDA Food Distribution programs now provide one in six Americans with a better diet. Where six commodities were provided to needy families in 1960, there are now 11 commodities; where 3.7 million persons in 1960 participated in the program, there are now 5.2 million; where there was powdered milk and corn meal, there is now meat and other high protein food.

A major innovation under President Kennedy was the Pilot Food Stamp Program. This program proved so successful in expanding food markets and in improving diets that it was expanded from 143,000 people to 350,000 -- from eight areas to 40 counties and three large cities in 22 States. There is one project now in operation on the Iron Range.

Agricultural exports set a new record in 1962 -- \$5.1 billion -- compared with \$3.5 billion in 1959, and may reach \$6 billion this year. Exports sold for dollars represent about 70 percent of the total.

Hungry, needy people reached abroad set a record high -- 92 million, including 35 million school and 2 million pre-school children. U.S. food is paying a part of the wages of 3.1 million people working on self-help economic development projects in 19 countries.

Managing Supplies

The feed grain surplus, which had built up progressively for about 10 years, was reduced first in 1961, and in each succeeding year. By the end of the current marketing year, this carryover will have dropped from an all-time high of 85 million tons to about 59 million tons, a reduction of nearly one-third within three years. The wheat surplus, which had reached a record 1.4 billion bushels at the end of the 1960 crop marketing year, will by next July 1...assuming the Russian sales...have been slashed to about 725 million bushels, the lowest level since 1953.

Expanded Credit to Rural America

A record \$795 million was loaned to farmers and other rural residents by the Department of Agriculture in fiscal 1963 -- more than double the amount loaned during fiscal 1960.

USDA credit was either extended for the first time or continued to more than 227,000 farmers or other rural people.

Rural housing was greatly expanded in fiscal 1963 when USDA made almost 20,000 loans valued at \$187 million -- nearly 20 times the volume handled in fiscal 1960.

USDA's Senior Citizens housing loan program was started during fiscal 1963, and almost 550 loans were made to farm and other rural residents 62 years or older to construct 305 new dwellings averaging \$8,000 in value, to purchase 35 dwellings, and to repair 150 residences.

Indirect benefits of the rural housing program had a far-reaching effect on the economy. It is estimated that the \$187 million advanced for

various housing loans in 1963 had a total impact of nearly 15,000 man-years of employment and millions of dollars in cash as the "ripple effect" of these loans moved through the Nation's economy.

Nearly 40,000 farm and other rural residents will soon be served by modern water systems for the first time as the result of \$15 million in loans during fiscal 1963 to finance community water systems in 135 rural communities in 28 States. The number of water system loans has been increased nine-fold during the past three years.

For the first time in fiscal 1963, USDA made or insured loans to individual farmers and nonprofit rural associations to finance recreation enterprises to help meet the booming demand of millions of Americans for outdoor recreation.

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Funds made available for small watershed protection and development were increased 170 percent since 1960. The watershed program was expanded by the Food and Agriculture Act of 1962 to provide for additional storage of water for municipal and industrial use and for recreational development.

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Nearly 10,000 landowners and operators established one or more income-producing recreation enterprises in 1963, to provide new outdoor recreation spots for the American family seeking open space and to provide new sources of income for the farm family.

To meet the increased demand for recreation in the National Forests, the Department built 8,700 new family camp and picnic units in 1963 to accommodate 40,000 more people. In addition, 168 other recreation sites were developed.

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Farm Income Improved

Through new farm programs and the reshaping of older programs, net farm income in 1961 was \$12.5 billion and in 1962 it was \$12.6 billion, up around \$900 million from 1960. Realized net income per farm rose from \$2,961 in 1960 to \$3,414 in 1962 -- up 15 percent. Hourly returns in agriculture rose from 90 cents to \$1.04 an hour for all farm labor.

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The record speaks clearly that John F. Kennedy kept his pledge to the farmers -- he got rural America moving ahead. We see this more clearly now because we can look back to where we were when we began. And this, I believe, is a lesson for us all. The process of Government is never neat and tidy, with one step of progress clearly following another. Only afterwards when the record is written does it appear neat. I believe President Kennedy understood this truth better than most, and this understanding sustained the calmness and determination which characterized his Presidency.

This is the mark of a pragmatic man who seeks answers to problems rather than arguments over slogans and dogmas. He recognized that there is no perfect solution...no neat and tidy answer...to the problems which science and technology have brought to agriculture. These are forces of great change, and he knew the farmer and the rural community would progress only if we could shape change in ways that benefit all the people.

President Kennedy thoroughly understood that rapid and irreversible changes were taking place in American agriculture. He had begun to outline a new agricultural policy for the 1960's -- and in doing so he often frustrated his critics, especially those seeking neatly labeled bins in which to place this policy or that program.

The reason he so frustrated his critics is that the new agricultural policy is much broader than the commodity programs which have always been the conventional identification for farm policies. It is clear that today any agricultural policy must include not only commodities...but also community-wide programs...and policies of trade and aid. We are moving, there-

fore, toward an agricultural policy for rural America which rests on these three stabilizing forces -- a three-legged seat for agriculture and rural America.

This triumvirate is the legacy of a pragmatist. It is passed on to another pragmatic man of action in President Johnson who, in his message to the joint session of the Congress, spoke for all of us.

"It is," he said, "a time for action. . . Let us continue."

Let us, then, take a closer look at the three legs.

Commodity Programs

First, there are the commodity programs -- always the subject for much talk and more than a normal amount of confusion. Let me make it clear that commodity programs, as far as this Administration is concerned, are absolutely necessary to the family farm. The open secret for America's world leadership in agriculture is the family farm system, and we intend to continue this leadership with the help of commodity programs.

Commodity programs are not welfare programs, or relief programs. They are the farmers' muscle in the market place -- and the farmer doesn't need weaker muscles, he needs stronger muscles. As long as agriculture is forced to carry the heavy burden of change which rapid technological advances bring, commodity programs will be necessary for even the most efficient farmer.

It is only reasonable and fair that the farmer, who provides the American consumer with an abundance of food at the lowest real cost in

history, to be able to earn an income on a par with other Americans. Commodity programs will be essential to this goal of parity of income so long as the productive capacity of agriculture continues to exceed our ability to consume, sell or share our food abundance at home and abroad.

And let me emphasize that I am speaking here of parity of income. This is different from parity of price...far different. The parity ratio of farm prices today is 77 percent. If the effects of the commodity programs are added in, the parity ratio of farm prices would be the equivalent of 82 percent. Our goal is 100 percent of parity of income, for the farmer is entitled to as good an income as other Americans. Full parity of income was the goal of President Kennedy, and it is the goal of President Johnson.

Don't be misled the next time the enemies of commodity programs try to undermine your confidence by talking only about parity prices. Commodity programs are the muscle builders for parity of income...they are essential. As long as the farmer has the ability to flood the market place, then he is always in danger of drowning in a sea of economic troubles. And commodity programs are the strongest muscle he has to protect himself.

The major commodity problem of immediate interest here is wheat. We estimate that net farm income next year will be down some \$600 million, mostly because of lower wheat prices which result from the decision made in the referendum held last May. This is a problem which concerns me deeply, as it did President Kennedy and as it does President Johnson. I have discussed this problem with farmers in every section of the country, most recently in a series of Report and Review meetings. These meetings indicate to me that four out of five farmers want some kind of wheat program to replace the low price supports coming into effect next year.

I talked with President Johnson last week about the wheat situation, and he indicated then his strong feelings that a wheat program will be necessary. He said the program must be one the Congress will pass...that it must keep costs in line and bring surpluses down. It is clear that the Congress is more receptive to a wheat program than it would have been last spring -- but it is also clear that unified farm support will be necessary in a Congress where urban representatives predominate.

Trade and Aid

The second leg of agriculture's policy seat -- trade and aid -- holds the key to the problems which neither commodity nor community programs can reach -- and that is to find the markets to match the productivity of the farmer.

You want to produce, and we want to sell. We know that the domestic market for food will grow only as fast as our population increases...and farm productivity is outrunning population today and will do so as far as we can see into the future.

This means we must reach out for new markets, and strengthen our position in present world markets. It means we are going out aggressively to sell. It means that the United States is no longer going to be a residual supplier, and we are developing a strong, hard-hitting market development program to back up our promise. Currently we maintain two permanent food trade centers overseas, and we are cooperating with over 40 commodity groups and trade associations which are working to develop markets in over 50 nations. Earlier this month the Department sponsored the largest overseas food exhibition in history at Amsterdam, and the response was very enthusiastic from both American exporters and European consumers.

We chose Amsterdam because of its location within the Common Market, a \$1.1 billion market for the food and fiber produced by the American farmer. We have seen our efficient poultry producers denied access to this market, and we are fearful of what could happen if the wheat and feed grain producers also are denied access.

President Kennedy was determined to fight hard for fair access to these markets, and President Johnson will be as tough and as determined. We intend to take every possible step to insure that export sales will continue...and will increase. What we seek is a guarantee of fair access to our historic markets, and a fair share of the growth in these markets.

As we seek to encourage more liberal trade policies in agriculture -- as we must if the wheat farmer is going to find the markets he needs -- we must buy if we expect to sell. We must be willing to practice what we preach. I believe we have thus far, for we currently import farm products worth over \$2 billion each year which compete with our own domestic producers.

But we do hear from time to time from those who want to raise barriers to outside competition. We cannot insist, however, that others lower trade barriers while we raise them here at home. Particularly in recent days we hear that beef imports are

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causing the current low market price level, and that we should protect the cattleman. There is conclusive evidence that a short-term over-expansion in fed beef -- too many steers on the range, too many fed steers in feeder pens, too many overweight steers sent to slaughter -- is responsible for most of the current market situation.

Imports do have a limited effect, but it would be relatively unnoticed were it not for the current overproduction of fed steers. This means we need to keep our balance and not act irresponsibly and, in the process, hurt agriculture in general. Let us be sure we know what we are doing -- and not bite off our nose to spite our face.

Instead, in this situation, let us demonstrate to the world that we are willing to give what we ask in return -- and that is fair competitive access. One way to do this and still help the cattleman might be to seek to negotiate a guaranteed access to a share of the U.S. market -- together with a share of its growth -- for those nations whose cattlemen rely on American markets just as the Oklahoma wheat grower relies on markets in Western Europe.

These questions, and the concern over the direction of world trade policies, should not obscure the real accomplishments of what has been done to expand trade. We anticipate that 1963 will be a banner year for farm exports. If the Russian

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wheat sales materialize, farm exports could exceed \$6 billion. In any event, exports are going to come close to that mark. Considering that the previous record was \$5.1 billion, 1963 marks a decisive step forward.

But, important as this progress is, the real future export markets for America's growing agricultural production can only be found among the developing nations of the world which **now** are not part of the commercial stream of trade. Thus, what we do currently through food aid and through technical and economic assistance to help these nations develop stable and secure economies, will return to us many times over in the form of commercial trade in the years ahead.

This means that if we are to find the markets necessary to use the productive capacity of American agriculture, then we should be prepared for the next 10 to 20 years to help develop the potentially huge markets in South America, in Africa and in Southeast Asia.

Only a combination of trade and aid will provide the answer, for if the developing nations are to trade they will need to grow economically... and this growth, in turn, will depend on the extent of food aid. The strategy of food aid, then, is the key to the future of the developing nations . . . and that development in turn means markets for the agriculture of the highly developed nations.

The third leg of the policy seat for agriculture and rural America are programs designed for the rural communities...and, for the most part, centered in what is called Rural Areas Development. This far reaching program is the first coherent recognition of the fact that no commodity

or trade program will, in the near future, provide job opportunities for all the children in rural America in the communities where they are growing up. A stark reminder of the seriousness of this problem is that 70 percent of those who left rural America during the 1950's were young people 21 and under. RAD also recognizes that no commodity program will bring parity of income to the farmer on a less than adequate farm. Other means are needed, either to help such farmers acquire adequate size operations or to develop new and more profitable uses for their land and water resources -- in combination with farming, outside supplementary employment or as a wholly new enterprise.

President Kennedy recognized this problem, and he acted quickly. The legislation which resulted, and which led to RAD, will be recorded as one of his greatest contributions in agriculture. Jim Patton, your national president, has rightly called these programs in RAD an answer to the need to "recapitalize" rural America.

President Johnson has placed his full support behind RAD as an effort to eliminate rural poverty, as well as to attack the causes of rural poverty before they are able to work their devastation. RAD, then, is a series of programs and services designed to assist the rural community and the farmer to expand the range of job and income opportunities available to those who live...and want to live...in rural America.

Many parts of the RAD program are very familiar to you, particularly those dealing with the small watershed program and other soil conservation programs. You know the value of these programs very well, for Oklahoma is a national leader in this field. Soil and water conservation districts

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cover the entire State. There are 132 watershed projects either authorized for planning or pending here. The Oklahoma legislature, as you know, appropriates some \$850,000 to assist these soil and water conservation efforts, one of the outstanding State responses in the Nation.

The example of what Duncan, Okla., has done as a result of the Wildhorse Creek watershed illustrates what we hope to achieve through RAD. This watershed project, by assuring flood control and adequate water supplies, enabled refineries and oilfield service companies to plan and carry expansions worth \$9 million. Farm income in the county is up \$1 million a year, and retail sales in Duncan rank it seventh highest in the State -- although it is sixteenth in population.

These soil and water conservation programs have been expanded to utilize the multiple benefits of soil and water. Income producing water-based recreation projects, together with industrial and municipal uses, for water impounded in watersheds have meant new economic life to rural communities.

Credit programs in the Department of Agriculture have been expanded to provide rural housing loans to non-farm rural residents. A special housing loan program geared to the need of the older rural resident has stimulated the economy of rural communities at the same time it has met a great human need.

In addition to the programs designed for the individual farmer, there are new programs enacted in 1962 which expand the services of the USDA to assist the whole rural community. One provides for Resource Conservation and Development projects designed so a group of farmers,

or of farmers and residents of rural towns, can join together to develop new opportunities for needed outdoor recreation. A number of these projects already have been authorized for planning, and, as in the case of the small watershed program, we hope to have planning teams in the field very soon to begin work.

Another new tool to fight conditions of rural poverty are Rural Renewal projects. These are designed especially for areas where natural resources are grossly under-developed, where the pattern of land use hobbles the ability of people to improve their income opportunities, and where, as with urban renewal programs, the need is basic renovation and ^{rebuilding} / involving a large area. These projects will be carried out by legally constituted local government units involving a large area which would initiate programs to make the land more productive, to construct water and sanitation facilities, encourage industrial development and stimulate the construction of private and public outdoor recreation facilities over a broad area.

The third new program, and one which relates to the individual farmer, is the Cropland Conversion Program. It is designed, through long-term agreements, to assist farmers to substitute grassland and trees... wildlife and recreation uses... on land that has been producing crops now in surplus. It would include cost-sharing, technical assistance and other aid during the transition period. Cropland Conversion is designed to find new uses for land, as opposed to the idle acres concept of previous programs.

Rural Areas Development, then, is a broad array of programs, all focussing on the needs of the rural community. It is a conservation program to help meet the conditions which the drought of opportunity has created in rural America. Consider it this way.

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The average citizen today spends less than 19 percent of his take home pay for food -- a truly amazing tribute to the American farmer. However, in reaching this state of agricultural development, we have found that we can over-satisfy our needs for some farm products while at the same time other needs of our people which only rural resources and rural people can fulfill go unsatisfied.

And there are such growing needs, largely of a different sort than we have known before. Primary among these is the need for outdoor recreation -- for land and water to meet the rapidly expanding demand which is the product of increased leisure, increased income and better transportation.

Those who value our soil and water, and who seek to conserve these resources, should recognize that these new needs are converging on us at a time when the crisis point has been reached in general agricultural policy. The question is basically one for the conservationist: how are we to use our land and water resources to serve people...in urban as well as rural America? How are we to meet the challenge which the drought of opportunity has presented to rural America?

President Kennedy, in one of the last executive orders he signed, gave his answer. He directed that a Cabinet level Committee on Rural Development be established to put the full force of the Federal Government -- not just the Department of Agriculture -- behind the local rural development efforts.

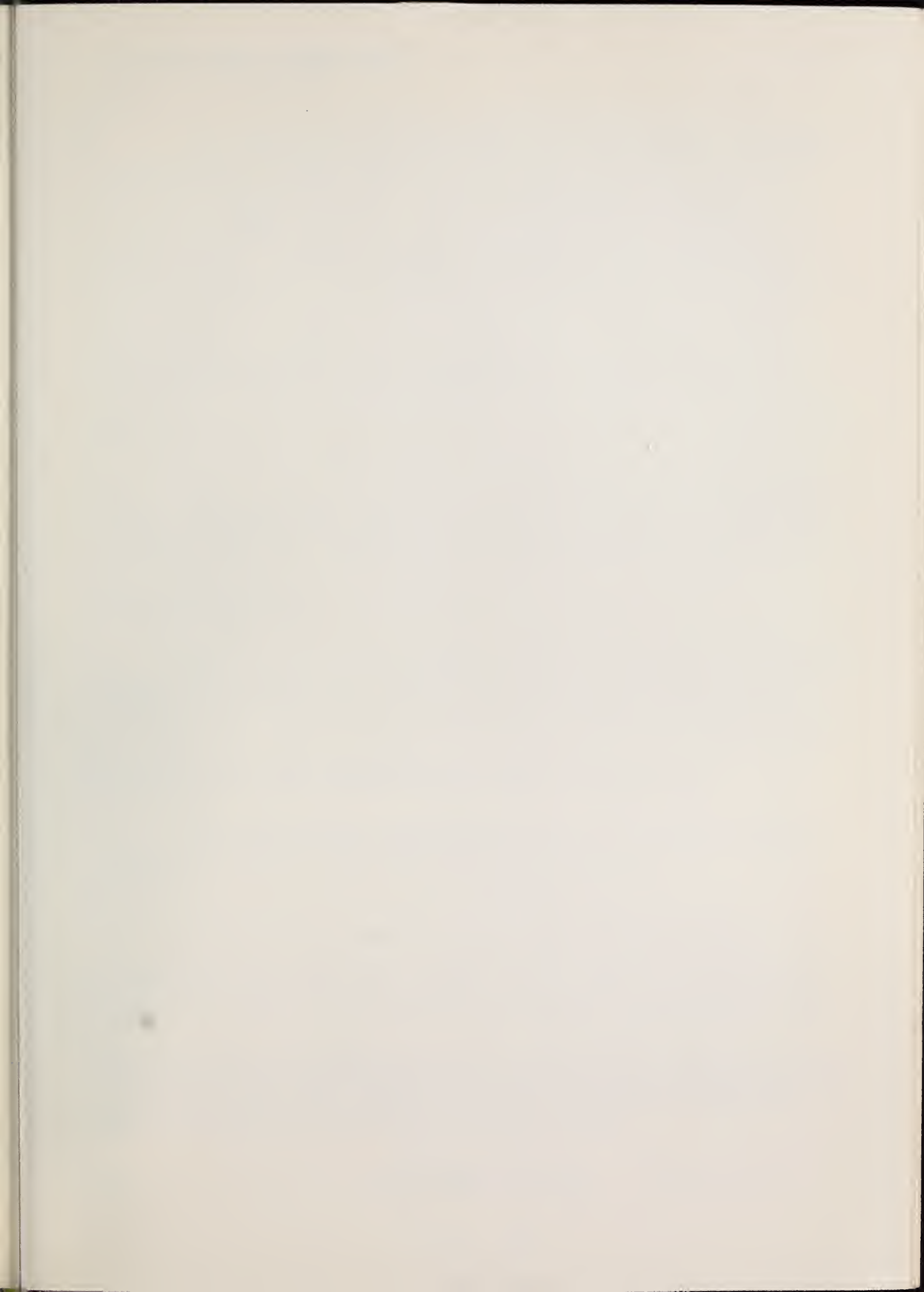
Thus, he placed the third leg of the new agricultural policy firmly in place.

And President Johnson has called us all to action...not just the executive agencies...not just the Congress...but all of us "to continue the forward thrust of America."

I ask your help, as we continue progress toward an agricultural policy which sustains the family farm, which encourages the growth of the rural community and which enables us to seek new markets both today and in the future for the productive capacity of American agriculture.

With your help, and only with your help, the drought of opportunity in rural America can be ended.

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U. S. Department of Agriculture
Office of the Secretary

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It is good to be back home among good friends again. During the past two weeks -- in many ways the most sorrowful two weeks of my life -- I felt the strong desire to seek the companionship of old and trusted friends. I suspect that the tragedy which befell the Nation on November 22 affected a great many people in this same way. It was too great a loss...too sudden a void...to bear alone. I had come to feel a deep personal affection as well as admiration for John F. Kennedy as a person and as a friend...and as a leader -- the greatest leader of our time.

He was one of the best friends the American farmer has ever had. I recall that hardly more than three years ago he visited GTA headquarters on Snelling Avenue and pledged himself to the cause of the farmer -- a pledge which he kept.

He said he would do his best, and as the record shows, that meant results. His background was neither rural nor agricultural, and he never pretended it was. He was not that kind of man. But he knew people...he knew their needs, their aspirations, and their interdependence.

"The interrelation between prosperity on the farm and economic health of the city has never been more apparent," he said.

He knew and appreciated the efficiency of American farmers, and the abundance they created for Americans and the people of the developing countries. He said "...our farmers deserve praise, not condemnation; and

Address by Secretary of Agriculture Orville L. Freeman at the annual meeting of the Farmers Union Grain Terminal Association, Minneapolis, Minnesota, December 10, 1963, 3:30 p.m. CST. (For Noon Release)

their efficiency should be a cause for gratitude, not something for which they are penalized."

He recognized the farmer as an important consumer -- a \$40 billion a year consumer of the goods and services of non-farm people, and potentially a better customer of business and industry.

And so President Kennedy established clearly defined goals for agriculture...goals which kept all Americans, as well as farmers, in mind. He said he would seek to "...eliminate the hardship and suffering which inadequate returns force upon so many of our farm families; ...reduce our surpluses to manageable proportions;...spur our nation's economy; ...assure the consumer of stable price levels," and expand "...the use of abundance."

He was guided by a deep humanitarian spirit. His first executive order increased the quantity and quality of food being distributed to needy American families. He expanded the Food for Peace program to reach additional millions of hungry people abroad.

He acted quickly when disaster threatened the family farm. The first major piece of legislation enacted in 1961 and signed by President Kennedy was the Emergency Feed Grain program to strengthen farm income and to reduce surpluses and taxpayer costs.

Legislative and administrative action followed to pave the way for increased farm income, expanded credit to rural people including senior citizens, for financing rural water supply systems, for speeding up conservation and watershed development, for recreation and other improvements of the National Forests, for a direct attack on rural poverty, and for the

development of community facilities. The full resources of the Federal Government were placed behind the efforts of local people in a nationwide Rural Areas Development Program.

These are among the highlights of achievements under President Kennedy's leadership for the benefit of rural and urban people:

Use of Abundance

USDA Food Distribution programs now provide one in six Americans with a better diet. Where six commodities were provided to needy families in 1960, there are now 11 commodities; where 3.7 million persons in 1960 participated in the program, there are now 5.2 million; where there was powdered milk and corn meal, there is now meat and other high protein food.

A major innovation under President Kennedy was the Pilot Food Stamp Program. This program proved so successful in expanding food markets and in improving diets that it was expanded from 143,000 people to 350,000 -- from eight areas to 40 counties and three large cities in 22 States. There is one project now in operation on the Iron Range.

Agricultural exports set a new record in 1962 -- \$5.1 billion -- compared with \$3.5 billion in 1959, and may reach \$6 billion this year. Exports sold for dollars represent about 70 percent of the total.

Hungry, needy people reached abroad set a record high -- 92 million, including 35 million school and 2 million pre-school children. U.S. food is paying a part of the wages of 3.1 million people working on self-help economic development projects in 19 countries.

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Managing Supplies

The feed grain surplus, which had built up progressively for about 10 years, was reduced first in 1961, and in each succeeding year. By the end of the current marketing year, this carryover will have dropped from an all-time high of 85 million tons to about 59 million tons, a reduction of nearly one-third within three years. The wheat surplus, which had reached a record 1.4 billion bushels at the end of the 1960 crop marketing year, will by next July 1...assuming the Russian sales...have been slashed to about 725 million bushels, the lowest level since 1953.

Expanded Credit to Rural America

A record \$795 million was loaned to farmers and other rural residents by the Department of Agriculture in fiscal 1963 -- more than double the amount loaned during fiscal 1960.

USDA credit was either extended for the first time or continued to more than 227,000 farmers or other rural people.

Rural housing was greatly expanded in fiscal 1963 when USDA made almost 20,000 loans valued at \$187 million -- nearly 20 times the volume handled in fiscal 1960.

USDA's Senior Citizens housing loan program was started during fiscal 1963, and almost 550 loans were made to farm and other rural residents 62 years or older to construct 305 new dwellings averaging \$8,000 in value, to purchase 35 dwellings, and to repair 150 residences.

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Community Programs

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Here in the GTA area, RAD can be seen in recreation farms and farms combining recreation with crops, in new rural housing construction, in community water system loans, in new and expanded industries in rural areas and in expanded watershed developments.

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Through RAD, we seek to encourage the use of land, and not to idle it. We seek to make use of rural resources to meet the needs of the city resident for outdoor recreation -- for space and green lands -- and to provide the rural community with new income opportunities. We oppose the philosophy which would drive people off the land when there is so much need for all the goods and services which land and people can provide.

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We chose Amsterdam because of its location within the Common Market, a \$1.1 billion market for the food and fiber produced by the American farmer. We have seen our efficient poultry producers denied access to this market, and we are fearful of what could happen if the wheat and feed grain producers also are denied access.

President Kennedy was determined to fight hard for fair access to these markets, and President Johnson will be as tough and as determined. We intend to take every possible step to insure that export sales will continue...and will increase. What we seek is a guarantee of fair access to our historic markets, and a fair share of the growth in these markets.

As we seek to encourage more liberal trade policies in agriculture -- as we must if the wheat farmer is going to find the markets he needs -- we must buy if we expect to sell. We must be willing to practice what we preach. I believe we have thus far, for we currently import farm products worth over \$2 billion each year which compete with our own domestic producers.

But we do hear from time to time from those who want to raise barriers to outside competition. We cannot insist, however, that others lower trade barriers while we raise them here at home. Particularly in recent days we hear that beef imports are causing the current low market price level, and that we should protect the cattleman. There is conclusive evidence that a short-term over-expansion in fed beef -- too many steers on the range, too many fed steers in feeder pens, too many overweight steers sent to slaughter -- is responsible for most of the current market situation. Imports do have an effect, but it is far less significant than current overproduction.

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We could, however, in this situation, demonstrate to the world that we are willing to give what we ask in return -- and that is fair competitive access. We could, for example, seek to negotiate a guaranteed access to a share of the U.S. market -- together with a share of its growth -- for those nations exporting beef to us.

I am confident that if we bargain effectively and act fairly ourselves, we will continue to have fair access to world markets. If we do, then we must also be prepared to be competitive in those markets -- competitive in both price and quality. In this regard, there is today a deep concern about our grade standards, particularly those for wheat. Farm leaders of great integrity and of deep devotion to the welfare of the farmer have strongly differing opinions as to the need to tighten our wheat standards. Public hearings have been held in four places around the country on this question, and opinion is sharply divided. As Secretary of Agriculture, I soon must make a decision. That decision will be carefully and thoughtfully made in the best interest of the American farmer and of the trade that serves him and the Nation so well.

These questions, and the concern over the direction of world trade policies, should not obscure the real accomplishments of the efforts to expand trade. We anticipate that 1963 will be a banner year for farm exports. If the Russian wheat sales materialize, farm exports could exceed \$6 billion...and, in any event, exports are going to come close to that mark. Considering that the previous record was \$5.1 billion, 1963 marks a decisive step forward.

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But, important as this progress is, the real future export markets for America's growing agricultural production will be determined by how rapidly the developing nations can achieve full commercial status as trading partners. If India, for example, which now has a per capita income of hardly more than \$60 a year, were to achieve a ten-fold expansion in that figure, there would be 650 million new consumers to whom we could offer to sell our food. Two-thirds of the people of the world are not able to buy all the food they need today. One day they will be good customers if we are willing to help them improve their economy so they can buy from us.

It is critical that the American people, including the farmer, grasp the dynamic potential which a combined program of trade and aid in agriculture offers to our economic interests and to our dreams of a world of peaceful nations.

However, before the developing nations can become strong and stable trading partners, it will be necessary that the developed nations in the years ahead provide a volume of food aid which will be substantially greater than is generally realized.

We have, through the Food for Peace program, sought to fill the food deficit which exists today in the developing nations. This deficit is generally a nutritional gap, or the difference between what these nations can produce and the need of the people for an adequate diet. However, as these nations progress, a second type of food deficit arises -- an economic, or growth, deficit. It results as income levels improve, and the demand for food exceeds the bare nutritional needs...and it is far greater in volume than the amount needed for minimum diets.

The danger of this economic food deficit is in its inflationary impact as increased purchasing power flows against inadequate food supplies. And inflation can destroy economic growth and the promise of higher levels of living.

This economic deficit -- which we estimate will reach \$25.6 billion by 1980 -- can be met in part by increased commercial trade, but almost \$15 billion will have to be met through a food aid program. Thus, only a combination of trade and aid will provide the answer, for if the developing nations are to trade they will need to grow economically...and this growth, in turn, will depend on the extent of food aid. The strategy of food aid, then, is the key to the future of the developing nations...and to the need for adequate markets for the highly developed nations.

We have set out to create new markets with a clear policy of trade and aid...just as we have set out to move the rural economy ahead with community-wide programs and to strengthen the marketing muscle of the farmer through better commodity programs.

The effectiveness of those policies, and the progress which can flow from them, will depend not only on how well they are carried out by the Government, but also on how well they are understood and how strongly they are supported by those who, like yourself, stand to gain most directly from them.

President Johnson, in these trying days, has called us all to action...not just the executive agencies...not just the Congress...but all of us "to continue the forward thrust of America."

With your help, and only with your help, can we continue to grow and prosper.



U.S. Department of Agriculture
Office of the Secretary

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7 Secretary of Agriculture Orville L. Freeman said today (Dec. 14) ^{C & R-ASF} that

4,1463 President Lyndon B. Johnson is preparing to lead a crusade against the causes of rural poverty.

He spoke at an awards luncheon for outstanding community development work sponsored by an 18-county Agricultural Development Council in Asheville, North Carolina.

"During the thousand days of his Presidency, John F. Kennedy had been assembling the forces for a crusade against the causes of poverty in rural America. One of his last acts, in fact, was to create a Rural Development Committee of cabinet officers with the instructions that all possible resources of the entire government should be directed to help the people of rural America build a better life for themselves."

"President Johnson has made poverty his number one target, and he is prepared to lead a crusade to stamp out its causes. He is fully aware that over half the poverty in this country today can be found in rural America, and he has given Rural Areas Development a top priority in his program to keep America moving ahead."

Secretary Freeman said that the Rural Areas Development program in his Department is a massive effort to "revitalize and reinvest rural America with new opportunity," and is centered around three major goals:

* Improved farm income, including an expansion of world markets for American agriculture. "Agriculture is a \$40 billion market for the rural community and the Nation -- and it will grow larger."

Excerpts of remarks by Secretary of Agriculture Orville L. Freeman at the annual awards luncheon of the Agricultural Development Council, Asheville City Auditorium, Asheville, North Carolina, December 14, 1963, Noon (EST).

* New job and income opportunities for the farmer and for all rural residents by developing new uses for rural resources.

* Improving and upgrading the services and facilities of rural America.

The Secretary emphasized that while the major focus for rural development would be through the USDA, other Departments and agencies would participate actively in the effort.

Secretary Freeman congratulated the winners of the community improvement competition, and noted that 133 communities were participating in the 18-county development program which had begun with three communities in 1950.

"The success of the Asheville experiment proves several points often overlooked by other areas and regions seeking to speed the growth of their economy," the Secretary said.

"First, don't neglect the resources you have at home. Even the areas of most limited opportunity have resources that local leadership of skill and determination can develop. Too often a community will put all its eggs in one basket and try to solve its problem by running around the country soliciting one industry at the expense of other needs.

"Don't overlook what is available at home -- land and water for recreation, a local product that can be developed with patience into an industry providing new jobs, or forest and wood products.

"Second, more local business, better markets, increased recreation and tourism together with more efficient farms are all a product of a better community. A good community is made up of many little things which quickly add up to more opportunity for all its citizens. The success of the development program in western North Carolina is an effective demonstration of this."

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Secretary Freeman cited these examples of the community development program in western North Carolina.

* Neat, well ordered communities. "To some people, the effort to encourage home improvements, or the painting and modernization of churches, or the cleaning up of cemeteries and the rebuilding of Main Street may seem unimportant. But an attractive community and area becomes a preferred place in which to work and to live -- and a place worth the investment of time and skill and capital to see it grow and prosper."

* Adequate supplies of pure water, together with modern sewage disposal. "Two years ago the existence of Pfeiffer College, near Albemarle, N.C., was threatened because there was no dependable source of water. Almost every year a water shortage meant that classes had to be suspended until the on-campus well and reservoir had time to fill up. The USDA, through the Farmers Home Administration, made a \$500,000 loan to enable the community water association in Albemarle to extend a water main to the college and to three nearby towns. Because the water supply is now dependable, the college is being expanded and a new industry providing 300 jobs is being established as well."

* Adequate hospital facilities to insure adequate medical care. "I am especially impressed by the families of Balsam Grove community in Transylvania county who contributed some 40,000 hours of their labor to build a hospital.

"I recently had the privilege of testifying in support of the bill to extend hospital care insurance to all persons 65 and older. You may ask why the Secretary of Agriculture should testify for a non-agricultural bill. My answer is that the health needs of older rural Americans are so great that this alone would justify the enactment of the hospital service insurance program.

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"Rural Americans for a long time have had the short end of the stick as far as medical care is concerned -- and in many communities this situation has been getting worse. For one thing, farm and rural areas have more older people proportionately than do urban areas. For another thing, their financial resources are smaller.

"Only one in three older rural people, for example, have some form of hospital insurance, and three out of four older farm residents have no hospital insurance at all.

"For every 100,000 people living in metropolitan areas, there were 133 physicians in 1959 -- but there were only 75 physicians for every 100,000 persons living in rural areas.

"Rural areas also have had fewer hospital beds available, although this has improved a great deal since World War Two. We must continue this progress. You can trace a good deal of improvement to the Hill-Burton Act of 1946 which had provisions to equalize the distribution of modern hospitals so that all people, regardless of address, could have ready access to general hospital care.

"Some two-thirds of the beds in general hospitals built with Hill-Burton aid are in small towns and cities. Nearly one-third of the hospitals built with Federal aid are in communities of fewer than 2,500 people.

"Besides the general hospitals, about half of the public health centers built with Hill-Burton aid are located in small communities. Small communities have also been able to qualify for assistance in the building or improvement of nursing homes and diagnostic and treatment centers.

"It seems plain to me that the inability of many older people to afford the hospital care they need has had the effect of inhibiting the improvement of

health services in rural communities. A hospital care insurance program -- by providing for the hospital costs of older Americans -- will enable rural communities to afford better hospital care for all its citizens.

"This is an important point that is often overlooked. Extending hospital insurance coverage to all persons 65 and older, whether or not they are covered by social security, will help to strengthen hospital services for the whole community. It will hasten the time when rural communities reach a parity of health services with their city brethren."

The Secretary also stressed that the building of community centers in over 60 rural communities, the improving and landscaping of roadsides, the building and modernizations of homes plus countless other projects is helping to eliminate the scarcity of opportunity in western North Carolina.

"And, based on your experience, we are better able to help other areas around the Nation to follow the example which you have set. And, through the crusade against the causes of poverty, we also can be of more help to you in your programs."

He cited these programs:

* Recreation development loans, of which seven have already been made to individuals and associations in North Carolina.

* Technical Assistance in recreation development, where USDA personnel have assisted 387 farmers to establish one or more recreation projects on their farms and are helping 194 others.

* Watershed development to conserve soil and water resources, where in North Carolina there have been 12 authorized for planning, nine authorized for construction and four completed since January 1961.

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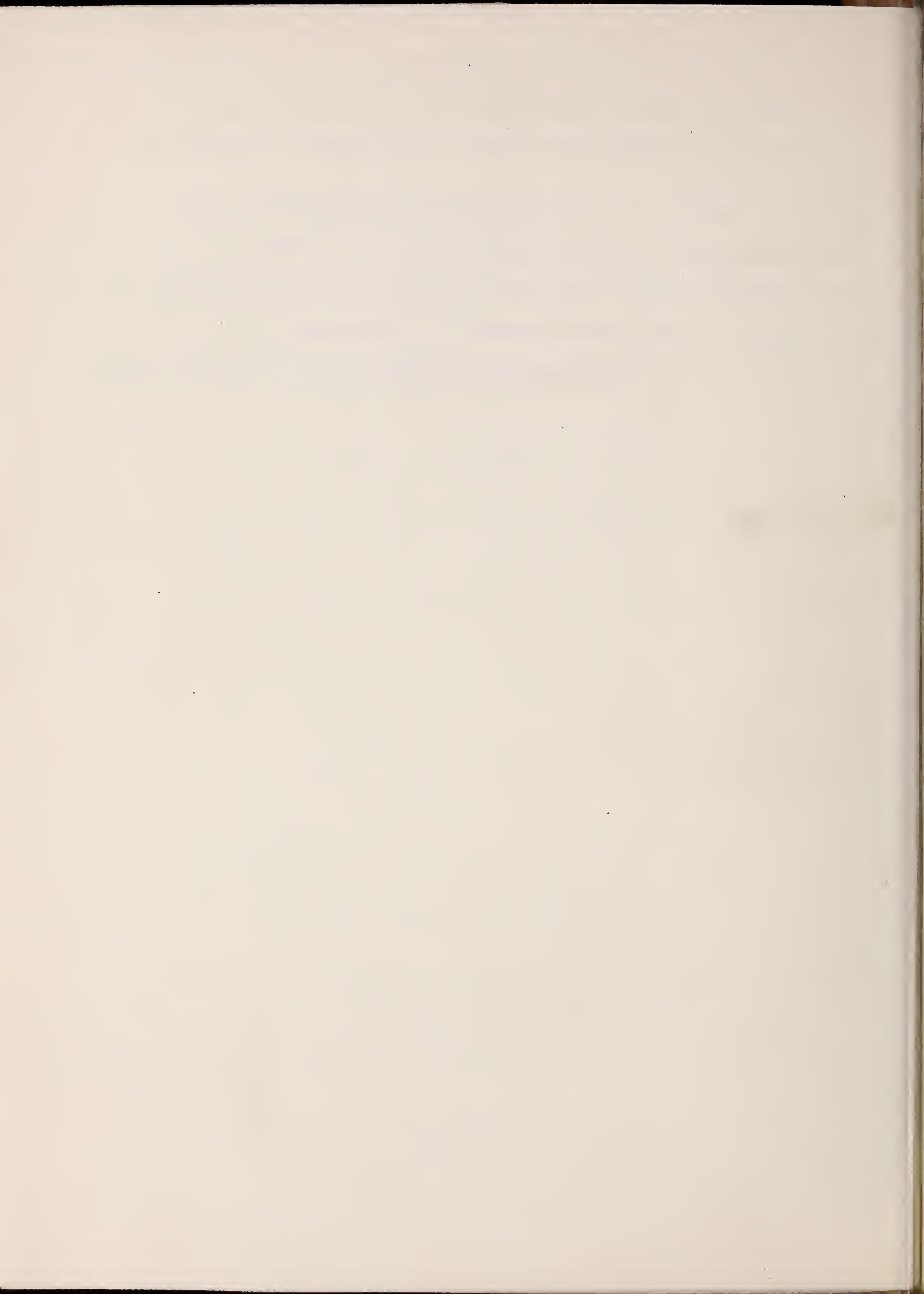
* Rural housing, where the Department has provided more than \$16 million for housing loans in fiscal 1963 in North Carolina.

"These are only some of the programs which are available to the rural community if it has the ability and desire to use them. RAD can provide resources which otherwise might not be available, but it cannot provide the will or the desire or the leadership to put these resources to use to help the rural community to grow. Only the local people can do that."

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UNITED STATES DEPARTMENT OF AGRICULTURE

Washington, December 17, 1963

Freeman Says Management, Administrative Improvements Beginning to Pay Dividends:

Secretary of Agriculture Orville L. Freeman said today that current levels of Department services would cost \$45 to \$50 million more if performed with techniques in use in 1960.

He indicated that administrative reforms and management improvements initiated since 1960 are beginning to pay dividends in cost savings and reduced personnel requirements.

"It's a little like losing weight," Secretary Freeman noted. "We've been able to save a million dollars here, three million dollars there, \$500,000 there and \$150,000 here. Gradually these savings add up.

"These improvements will be reflected noticeably in the fiscal 1965 budget and increasingly in succeeding budgets. We have made about 20 years of progress in fiscal and personnel management over the past three years, and the modernization program is just beginning."

The Secretary said the three main areas of emphasis are improved management practices, new management techniques and consolidations and reorganizations.

"We can, however, expect the demand for public services to increase as long as our population grows and as long as we demand increasingly more from our limited resources," he declared. "But we will be able to meet these demands at rock bottom cost by alert, economy-minded administration using new management techniques and machines.

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"In soil conservation, for example, 47 million acres of land have been added for service through new Soil and Water Conservation districts, although we have 368 fewer man years to assist them than we had in 1960. Similarly, since 1960, we have authorized 326 watershed projects for planning and 224 for operation.

"These projects are the best kind of economy measures. For example, we spend over \$300 million a year dredging silt from our rivers and harbors. We could keep this soil on the land through good conservation at an annual cost of less than \$12 million.

"Or, take the National Forests, for example. Since 1960, the number of recreation visits have increased 35 percent while the volume of timber cut has jumped to a record value of \$134.4 million, a 6.2 percent increase. At the same time, loss of timber due to fire has declined by 90 percent.

"Administrative efficiency to carry out the high level of work performance required for these and the thousand other jobs done by USDA employees takes constant vigilance and attention. Federal employees rank among the best when compared to any public or private agency in this regard.

"Efficiency in government was one of the key efforts of President Kennedy, and he gave constant attention to programs which would keep costs at a minimum and services at a maximum. President Johnson has set a clear, and firm, standard of a dollar's worth of service for a dollar spent.

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He is giving personal attention to administrative problems, and has issued strong directives that heads of Departments give as much attention to administration of programs as to the programs themselves."

Secretary Freeman said USDA has actively promoted administrative and management reforms since early 1961, and cited three major lines of attack:

*Management Improvement: Through a self-survey task force system, Department employees proposed 484 projects to reduce costs and improve work output, and subsequently suggested 147 additional projects. Over 200 have been completed and there are 242 still in process.

"The results of an intensive management and administrative improvement program, when it deals with all aspects of a program up and down the line, often are hard to measure in concrete form. In many cases, these improvements take the form of more prompt service to the public or a more rapid expansion in services to reach more people. However, there are specific results at hand to show what has been accomplished," the Secretary said. He cited these cases:

In the Agricultural Marketing Service, productivity in poultry inspection increased 14.6 percent per man year in 1963 compared with 1960 production rates. The average number of pounds inspected per man year increased from 4.8 million -- to 5.5 million -- 700,000 more pounds per person per year.

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Productivity in the Soil Conservation Service's soil mapping program increased 8.2 percent in 1962 compared with 1960. The dollar value of this increased productivity was \$278,000 -- enough to map 1,000,000 more acres in 1962.

A total of \$102,000 has been saved by the Agricultural Research Service through improvements in the utilization of scientific research personnel, consolidation of research facilities and better equipment utilization.

With the development of new insect and rodent repellent seed coatings, the Forest Service reforested 37,800 acres in 1962 through direct seeding at an estimated saving of \$1,000,000.

The Forest Service, by contracting small field construction and maintenance jobs locally, has reduced the number of personnel in field locations, as well as the investment in construction equipment, and has accelerated work schedules. This new policy has resulted in saving of \$1,000,000 yearly.

The Soil Conservation Service, by revamping its area and work unit inspections, has reduced the number of inspections from 1,600 to 95 annually without loss of efficiency. Time valued at approximately \$500,000 has been released for more urgent and productive activities.

A new timekeeping procedure in the Soil Conservation Service resulted in time valued at \$400,000 being diverted from paperwork to more useful services. Automatic data processing of other paperwork has freed time estimated at \$500,000 for technical work with farmers.

Changes made by the Agricultural Stabilization and Conservation Service in use of aerial photographs and improved measurement practices reduced costs by an estimated \$650,000 -- which meant a reduction in costs to the farmer who pays for the services.

Agricultural Stabilization and Conservation Service has developed a method for the sale of large quantities of corn that reduces paperwork and has saved over \$1,000,000.

The Forest Service saved \$150,000 by integrating air attacks on fires with the California Division of Forestry. Contract air tankers were reduced from 54 to 21.

*New Management Techniques: The revolution in management systems growing from data processing applications is being rapidly adapted in the Department. All payroll and directly related accounting and personnel record keeping is being centralized in one office, consolidating payroll and directly related work of 87 payroll and accounting offices and 130 personnel offices. About 28,000 employees are now in the new system, and 16 payroll offices have been closed. As a result, 140 employees have been reassigned to other jobs.

The Forest Service, through the use of computer developed construction data, will save an estimated \$260 per mile of road construction. Annual savings will amount to \$130,000. In another application, computer processing of timber sales data has cut costs in one of ten regions by \$50,000 a year, and this technique is being extended to all regions.

A system is being developed to store and retrieve scientific data for research programs. Valuable research time now devoted to routine information searches can be put to more productive research work.

*Reorganization and Consolidation: Measureable savings, together with improved efficiencies, have been made by consolidating common functions and facilities.

All internal audit and investigation functions of the Department were consolidated in an Office of Inspector General in June 1962 to provide more effective use of manpower together with tighter review and appraisal services to all levels of Department management.

In February 1963, management services of 17 offices and agencies of the Department were consolidated into one centralized Office of Management Services.

A management appraisal of the Federal Crop Insurance Corporation in late 1961 resulted in changes of organization and procedure which provided savings of \$230,000 in space rentals and manpower costs.

In November 1962, a major reorganization of the Agricultural Stabilization and Conservation Service enabled the agency to reduce its administrative budget by \$3.7 million. The agency was able as a result to ask the Congress to reduce its budget requests for the current fiscal year. Three major field offices were closed and grain loan accounting activities were consolidated, reducing manpower requirements by the equivalent of 400 employees.

Agency field offices at the State and county levels are being consolidated to provide "one-stop" service to the public as well as to provide the economies of centralized management and housekeeping. Offices in 26 States and 1,297 counties have been consolidated.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary

31,1963

Washington, December 31, 1963

For A.M. Release January 2

New Year's Message From Secretary of Agriculture:

The New Year finds rural America faced with two broad and interrelated problems that must be the concern of every citizen interested in the future of our Nation. These are the problems of (1) farm income that is still unfairly low, and (2) the existence of conditions of deep rural poverty affecting more than 15 million Americans, both farm and non-farm people.

While net farm income has been generally higher than was the case in most of the middle and late 1950's, the farmer's return is still not what it must be if agriculture is to share fully in American prosperity. I am especially concerned by the prospect of a decline in net farm income in 1964 unless successful action is taken to prevent this. I am hopeful that new wheat legislation can be put into effect, and that this will forestall a decline in income to wheat growers which without legislation would amount to an estimated loss of \$600 million. We are also hopeful that new cotton legislation will be enacted -- and new legislation for dairy products and certain other commodities will be under consideration.

Special wheat programs in 1962 and 1963 -- along with successful programs for feed grains and needed adjustments in price supports for other commodities -- have improved the farmer's income situation above 1960. The rise in farm income has, in the past three years, put \$2.3 billion of realized net income into farmers' pockets above what they would have received if net income had stayed at the 1960 level.

In realized gross farm income, farmers have received since 1960 around \$8 billion above what they would have received if income had not improved during the past three years. Virtually all of this \$8 billion represents a gain for rural business -- either in dollars spent for production goods such as farm equipment or in dollars spent by farmers for family living.

As the programs in feed grains and wheat have improved farm income, so have they produced welcome savings to the taxpayer. The enactment of these programs reversed a 10-year rising tide of grain stocks owned by the public and, after program costs are deducted, will provide net savings of ultimately about \$1.8 billion. Investment in grain stocks has been reduced from nearly \$7.6 billion to about \$4.8 billion since the end of 1960.

Fairness requires that this progress toward better farm income and continued savings to the taxpayer be maintained. The American farmer is deserving of a better shake in the economy -- especially in view of his unparalleled success in providing for the needs of his fellow Americans as well as for millions of other people around the world. Americans not only eat better than ever before -- with assured quality and safety -- they actually eat more cheaply in terms of the share of consumer incomes spent for food. American families spend only 19 percent of their take-home pay for food -- a record low for any country at any time in history.

Farmers have performed this miracle in a period of rising production costs by becoming ever more efficient. We thought, for example, that agriculture was efficient in 1940; yet if farmers had not increased their efficiency since 1940, our national food bill would be about \$17 billion higher than it is now -- about \$300 a year extra per U. S. family. This dramatizes the need for growing efficiency in farming -- and the need for helping those farmers who are still producing at the 1940 efficiency level or lower.

Related to the farm income problem -- but with much wider ramifications -- is the general problem of rural poverty. The existence of deep pockets of rural need is something that must not be tolerated by the greatest nation in history. Yet it exists -- in terms of poor people both in agriculture and in small towns and rural communities that have been by-passed in the march of prosperity.

Almost half of the Nation's farm operator families -- or some 1.6 million families -- have an income from all sources of less than \$3,000. Nearly 2.9 million
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rural non-farm families suffer the same underprivileged status. And probably three-fourths of some 800,000 rural families whose main source of income is farm wage work have family incomes below the poverty level. Thus, more than 15 million rural Americans live under conditions of poverty.

We have made some important gains in 1963 through programs directed at this problem. An estimated 110,000 permanent jobs were created in rural America in 1963 under the Rural Areas Development Program, which helps local people use Federal and State programs to supplement their own resources in creating new opportunity. These jobs were created through the initiative of more than 75,000 private citizens working on 2,284 RAD committees to develop projects ranging from recreation enterprises to improved housing and a variety of community facilities. In addition to the permanent jobs, 484,000 man-months of temporary construction employment were provided by Accelerated Public works, rural housing, and watershed programs -- all a part of RAD.

In 1963, the Department of Agriculture made rural housing loans to provide new or improved housing for 48,000 rural people -- tripling in dollar volume the loans made in 1960. Included were loans to provide homes for about 1,000 older rural people under the new provisions in the Food and Agriculture Act of 1962.

The volume of new rural electric loans has gone up more than 50 percent in three years. The number of water system loans has been increased nine-fold. Nearly 40,000 rural people will soon be served by modern water systems for the first time as the result of loans during fiscal 1963 to finance community water systems in 135 rural communities. The small watershed program has been expanded -- with funds boosted 170 percent above 1960. Projects now may include water for municipal and industrial use and for recreational development.

In addition, a number of new and enlarged programs will be announced in the near future, aimed at rural renewal, better rural housing, improved water systems, and other community facilities. All of these efforts, and many more, will be channeled toward bringing rural America into the mainstream of American prosperity.

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