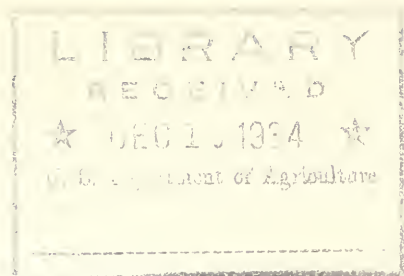


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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
Alfred D. Stedman, Assistant Administrator  
Director, Division of Information and Records  
Washington, D.C.

No. 55

December 1, 1934.

TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing and Francis A. Flood,  
Specialists in Information.

1935 COTTON ADJUSTMENT PROGRAM ANNOUNCED

A reduction of 25 percent from the base acreage of cooperating cotton producers for 1935, as compared with a 40 percent reduction in 1934, has been officially announced by Secretary of Agriculture Henry A. Wallace and Chester C. Davis, Administrator of the Agricultural Adjustment Act.

Acting under the terms of the 1934 and 1935 Cotton Acreage Reduction Contract, which provides that the maximum rate of reduction that can be required in 1935 is "to reduce the acreage planted to cotton on this farm by an amount not to exceed 25 percent below the base acreage", Secretary Wallace signed a proclamation making effective for 1935 the approximately 1,004,000 two-year contracts signed during the early part of 1934. It is announced that new one-year contracts for 1935 will be offered those producers who did not sign the two-year contract. It is expected that new contracts will be available soon, so that they may be signed and accepted by March 1, 1935.

The basis of payment for the 1935 program, which, under the terms of the contract must be "similar" to those described in the contract for 1934, is 3-1/2 cents a pound "on the average yield of lint cotton per acre for this farm for the years 1928-1932 with a maximum rental of \$18 per acre" for the acres rented under the contract, and a "parity payment" of 1-1/4 cents a pound on the farm allotment.

The farm allotment, which is the equivalent of 40 percent of the farmers' average production for the base period of the farm, represents that percentage of production which ordinarily moves into domestic consumption.

For the current crop year, 1934, the basis of payment was 3-1/2 cents a pound as rental and a parity payment of cent a pound.



The program as approved by Secretary Wallace and Administrator Davis followed the recommendations of the Cotton Production Section of the Agricultural Adjustment Administration of which C. A. Cobb is chief. In recommending this program, Mr. Cobb emphasized that the rate of reduction would permit an expansion of about 25 percent of the acreage planted by contracting producers over the acreage planted in 1934.

"Any rate of reduction less than 25 percent would not be to the best interest of cotton producers," the recommendations of the Cotton Production Section stated. "A reduction of 25 percent offers the possibility of maintaining world supplies of American cotton near present levels and the further possibility of returning to cotton producers the highest net income consistent with contract provisions and the outlook for American cotton."

The total amount of rental and benefit payments which will be disbursed under the program is estimated at \$94,230,000. The program will be financed by the processing tax of 4.2 cents a pound on raw cotton.

Important points in the 1935 cotton program include the following:

(1) Producers who desire to do so will be permitted to reduce up to and including 30 percent and receive payment therefor. The permitted reduction of an additional 5 percent is justified to permit more latitude in the arrangement of farm plans of individual producers.

(2) The base acreage of producers who are now signatory to contracts is approximately 38,210,000 acres. It is estimated that producers who did not sign contracts planted in 1934 a total of 6 million acres. If, under the offer of new contracts, the base acreage is increased by one million acres, a reduction of the base acreage of approximately 39,210,000 acres by 25 percent would result in a total of 29,400,000 acres being planted by contract signers. If a total of 5 million acres is planted by non-contract signers, the total planted cotton acreage in 1935 would be approximately 34,400,000 acres. The planted acreage in 1934 was 28 million acres.

(3) With average abandonment of 2.4 percent, a total of 33,500,000 acres, would be left for harvest in 1935. With yields at the 10-year average of 170 pounds per acre on the acreage harvested, the result would be a 12-million-bale crop in 1935. (Production for 1934 was estimated on November 1 to be 9,637,000). With a reduced acreage, a somewhat higher yield per acre might result because of a tendency for more intensive cultivation, and other factors. Therefore, on the basis of average weather conditions, it would not be unreasonable to expect a crop somewhat above 12 million bales with the 25 percent reduction in 1935.

(4) It is estimated that with a 25 percent reduction, but without the Bankhead Cotton Control Act in effect for 1935, total production would be greater and probably would result in a crop of slightly above 13 million bales. Among the factors which would tend to increase total production if the Bankhead Act were not in effect for 1935, would be the development of new cotton lands and the probability of a smaller percent of non-signers entering into

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contracts for the 1935 season. It was pointed out by the Cotton Production Section that probable production without the Bankhead Act is a matter of opinion and not subject to precise economic analysis.

(5) The average farm price for cotton for the year ending July 31, 1934, was 9.7 cents a pound. The parity price of cotton is at present 15.6 cents a pound.

(6) World supplies of American cotton are now indicated at 20,200,000 bales for the 1934-1935 crop year. This figure is in line with past averages of world supplies of American cotton. With foreign and domestic consumption of American cotton during the current year assumed at 11 to 12 million bales, the indicated carry-over on August 1, 1935, would be between 8 and 9 million bales, which is higher than a normal carry-over. A total production of about 12 million bales in 1935, would result in a world supply of American cotton for the 1935-1936 season of about 20 to 21 million bales, which might result in some increase over current supplies in spite of the maximum adjustment under the terms of the contract.

Secretary Wallace, in approving a program which entails the maximum adjustment possible under the terms of the contract, made the following statement:

"In considering the 1935 cotton program, various suggestions have been thoroughly canvassed. These suggestions range from the relaxation of all adjustment of production to an even greater reduction than is possible under the present contracts. The course that has been adopted affords the greatest possibilities from the standpoint of the producer's interest. It should result in a continued ample supply of American cotton that can be purchased by foreign and domestic consumers at prices which, judged by past standards, are not unreasonable. At the same time, this program seeks to avoid the danger of piling up new and disastrous surpluses. It is the nearest approach to a balance that can, under our present knowledge of existing circumstances, be devised. And under the Agricultural Adjustment Act we have a clear mandate from Congress to maintain such balance between production and consumption.

"The characteristic argument of those advocating unrestricted production is that such a course would restore our foreign markets. These persons believe that foreign buyers would take increasing quantities of American cotton at some price. They have apparently not considered the fact that a situation could easily develop which might result in producing a surplus amount of American cotton that could not be sold abroad at any price. In 1931 and 1932, United States maintained a relatively high volume of exports but prices to farmers were around 5 and 6 cents during those two years. I do not believe that unlimited production which, with other factors, forced prices down but maintained a high volume of exports proved to be any great benefit to the cotton farmer.

"I do not believe that the answer to the present grave cotton problem is to be found in abruptly returning to the policy of unrestricted production. The program for 1935, although providing for a reduction from the production to be expected in the absence of such a program, affords an expansion in acreage for that season as compared with 1934. If the response to this program



is what we expect, and production factors next season are average, there will be some three million bales more cotton added to present supplies. This will maintain ample supplies of American cotton which, I hope, can be sold at a fair price. I could not subscribe to any attempted solution of the cotton problem which would force the farmers' price down to inordinately low levels in the hope that consumption will increase and the export movement revive. It does not necessarily follow that a reduction in price brought about by increased production would restore the former volume of cotton exports. There are other factors, such as the increasing nationalistic trend of some of our foreign cotton customers, the decline in imports received in this country and the continued low level of foreign purchasing power that are more responsible for recent decline in export movement than the price or production policies in America. Increased production and a lower price might stimulate the volume of exports to some degree, but it is not altogether certain that such an increase in volume of exports would increase the volume of dollar exchange available to pay for cotton. It might simply mean that foreign cotton consumers would buy more cotton for the same amount of dollars.

"It also is apparent that there exists at present definite limitations to a continued expansion of cotton acreage in foreign countries under present and probable price levels. The additional areas available for cotton production throughout the world are rather limited. After a careful survey of world-wide prospects, the Bureau of Agricultural Economics, in the recent Outlook Report, comes to the conclusion that further expansion of cotton acreage in the immediate future outside of the United States is not likely to be a very serious factor in the world cotton situation and that most of the increase that occurred this year represents a restoration of previous reductions rather than new acreage brought in. So the conclusion would not seem warranted that under existing circumstances foreign cotton producing countries will increase their acreage and production because of the efforts of the United States producers to prevent the accumulation of new surpluses by holding supplies in line with apparent market possibilities.

"Therefore we have developed a program for 1935 that seems to offer the best opportunity for the cotton farmer to receive the greatest return for his labor and investment and which, we hope, will present a recurrence of the disastrous days of 1931 and 1932."

# # #

#### DUBUQUE, IOWA, MILK LICENSE APPROVED

A license for the milk sales area of Dubuque, Iowa, with established prices to producers on the single blended pool price method of payment, and without any minimum resale prices to consumers, has been approved by the Agricultural Adjustment Administration and signed by Secretary of Agriculture Henry A. Wallace. It will go into effect on December 5.

The license was requested by the Dubuque Cooperative Dairy Marketing Association, having about 300 members. The provisions of the license were





discussed at a hearing in Dubuque and at subsequent conferences with agencies on the market.

The sales area included in the license is the corporate limits of Dubuque, five sections of Table Mountain township and two sections of Mosalem township in the same county. This sales area has a population of 45,000 to 50,000 persons. Milk consumed in Dubuque is purchased from producers in Iowa, Illinois and Wisconsin, milk from the two last-named States amounting to about 30 percent of the total average market volume of about 66,000 pounds daily.

Dubuque is served by seven pasteurizing distributors, and 56 producers who directly distribute milk. The members of the cooperative association supply about 67 percent of the entire volume, the rest being furnished by producer-distributors and independent producers.

Distributors, under the license, are obligated to pay for milk on the classified plan, under which milk is paid for according to use. Regular reports of sales according to use, and purchases from producers, are made to the market administrator, who is under bond and appointed by the Secretary of Agriculture with the approval of the agencies on the market. The schedule of minimum prices to be paid by distributors according to the use made of the milk is as follows, on the basis of milk testing 3.5 percent butterfat, f.o.b. plants in the sales area:

Class 1 milk, used for direct consumption, bottled or bulk, \$1.60 per 100 pounds or about 3.5 cents a quart delivered to plants.

Class 2 milk, used for cream,  $3\frac{1}{2}$  times the average wholesale price of Chicago wholesale 92 score butter, plus 20 per cent, plus 20 cents per hundredweight.

Class 3 milk, or excess above that used in the other classes,  $3\frac{1}{2}$  times Chicago 92 score butter at wholesale plus 15 cents per hundredweight.

Upon receiving the distributors' reports for each delivery period the market administrator will compute the blended price for all milk based on the price schedule and the quantities of milk used in each class. This pool price is paid to producers, minus the required deductions allowed in the license for market supervision and services.

Each distributor is charged with the total value of the milk handled by him according to use, and is accredited with the total amount of money he pays his own producers on the blended price. Differences between such debits and credits for each distributor are paid to or received from the market administrator. Such payments into or out of the pool are accomplished by means of an equalization fund maintained for all distributors.

Distributors are also obligated to recognize and pay differentials above or below the standard test of 3.5 percent for milk, at the rate of 3 cents per 100 pounds for each one-tenth of a percent variation from the market standard.



The Class 1 price set forth in the license is said to be about 75 percent of parity prices to producers during the base period of 1909-14. The bulk of milk sold to consumers at Dubuque recently has cost them 6 cents a quart at wholesale and 8 cents at retail. Producers have been receiving an average of about \$1.20 per 100 pounds for Class 1 milk and about \$1 for Class 2 milk.

Producers who also sell milk of their own production to consumers are obliged, under the license, to make regular reports to the administrator. However, they are exempt from the pool computations and pool settlement on the volume of milk which they sell of their own production in the usual way. In case they sell milk in bulk to other distributors or buy milk from other producers for their routes, they are obligated to account to the pool in the same way as other distributors. The milk which they sell to other distributors in bulk is accounted for at the Class 3 price, while milk they buy from other producers is to be accounted for in the same way as that of any other distributor. Producer-distributors who wish to have their milk included in the market pool, may make application in writing to the administrator.

New producers must be reported by distributors when entering the market, and the license provides that they must accept the Class 3 price for all their milk deliveries for a period of 90 days after coming on the market.

Initial deductions named in the license to pay the cost of administration amount to a maximum of 3 cents per 100 pounds of milk, payable to the administrator by all producers, including producer-distributors. When the market administrator desires to establish market services for producers not already receiving such services from an existing cooperative association, he may deduct 4 cents per 100 pounds as an extra, separate fund. This fund is used by him in furnishing market information, check testing and weighing of milk, and for a limited protection against the failure of distributors to pay for milk. However, the license provides that such protection against default by distributors will not be rendered after any producer is notified that the distributor to whom he is selling milk is violating the license.

The usual protective features are included in the license, such as requirement of reasonable bonds, evidence of solvency, periodic advance deposits by distributors, and the privilege of examining books and records, in confidence, to verify statements made by distributors. A milk industry board, on which the public is represented, is also provided for.

# # #

#### MOVE FOR TRIAL IN DES MOINES INJUNCTION ON MILK

The Agricultural Adjustment Administration has determined not to request the Department of Justice to prosecute an appeal from the order of the Federal Court denying the Government's application for a preliminary injunction to enjoin Louis Neuendorf and Marguerite Neuendorf, doing business as the Hillcrest Dairy Co., Des Moines, Ia., from continuing to engage in business after their license was revoked by the Secretary of Agriculture for violation of the



existing license for the Des Moines milk sales area. Instead of appealing from the ruling of the Court denying this preliminary order, the Government will move to have the case set down for trial.

It was pointed out that the Supreme Court of the United States has in a number of recent cases refused to consider the question of the constitutionality of Federal and State legislation upon appeals from orders granting or denying preliminary injunctions, and it has indicated that it will pass upon such constitutional questions only after a full trial has been had upon the merits of the case and a final order entered either sustaining the legislation or holding it unconstitutional.

It is understood that because of the condition of the calendar of the Federal Court, the trial of the Des Moines case will not be reached until after the first of next year.

# # #

#### MILK ADMINISTRATOR FOR ATLANTA, GEORGIA, AREA

The Agricultural Adjustment Administration has appointed John McGill, one of its regional consultants, to serve temporarily as market administrator for the Atlanta, Georgia, milk license area. Since the license was approved, Mr. McGill has been in Atlanta acquainting agencies on the market with the terms and provisions of the license, which became effective on December 1. He operated a farm for many years in Virginia, served as manager of a dairy at Cumberland, Maryland, and county agent in Maryland; and for the past eleven years he has been manager of the Maryland-Virginia Milk Producers' Association, the producers' cooperative organization which serves the Washington, D. C. market.

# # #

#### HEARING ON LIVE POULTRY CODE FOR THREE CITIES

A public hearing on a proposed code of fair competition of the live poultry industry of the metropolitan area of Philadelphia, Pa., the state of New Jersey, and the metropolitan areas of Boston and Providence, will be held at Hotel New Yorker, New York City, on December 7, it has been announced by the Agricultural Adjustment Administration.

The proposed code contains provisions concerning destructive price cutting practices, excessive feeding of poultry, inedible products, improper weighing, misrepresentation of produce, giving of free services, inspection provisions, false advertising, rebates, commercial bribery, price discrimination, and unloading delays.

The proposed code provides for a regional code authority of three members, one from the metropolitan area of Philadelphia, one from the State of





New Jersey, and one from the combined metropolitan areas of Boston and Providence. There is also a provision for a local code authority for each of the three areas.

# # #

### FLORIDA CITRUS AGREEMENT TO GROWERS

Fifteen thousand copies of the tentatively approved marketing agreement for the Florida citrus industry have been mailed to growers of Florida citrus fruits for signature, Secretary of Agriculture Henry A. Wallace has informed Governor David Scholz of Florida by wire.

The telegram informing Governor Sholz of the position of the Agricultural Adjustment Administration and the action being taken read as follows:

"Referring recent communications regarding situation in Florida citrus industry, we are today mailing copies marketing agreement to over fifteen thousand citrus growers in order to give them opportunity to indicate whether they desire to have the proposed agreement made effective. Department fully recognizes serious situation facing citrus growers and is anxious that growers obtain benefits possible under Agricultural Adjustment Act. Last year's agreement was beneficial to growers and all groups in industry are on record publicly as approving provisions of present agreement. We believe committee named in agreement will administer it efficiently and equitably as to all groups. The decision now rests with the citrus growers of Florida."

This step is being taken by the Secretary following the receipt of petitions from a large number of growers in the State asking that the growers be given an opportunity to sign the agreement in order that it might become effective. The immediate return to the Adjustment Administration at Washington of signed agreements by a substantial proportion of the growers will hasten the date at which the agreement can be put into effect, officials stated.

\* \* \*

"The purpose of the Agricultural Adjustment Act and of the Florida citrus marketing agreement, which is drawn in accordance with the provisions of that Act, is to improve prices to producers. Whether or not the agreement is to be made effective will depend upon the extent to which the citrus growers of Florida are willing to support this program by signing the agreement," Agricultural Adjustment Administrator Chester A. Davis said in a letter that accompanied over 15,000 copies of the tentatively approved agreement for the citrus industry that have been mailed to Florida citrus growers.

The decision to mail the agreement to the growers for their signatures was reached after petitions had been received from growers, representing the production of approximately 8,000,000 boxes of citrus fruit, requesting that growers be given the opportunity to sign the marketing agreement in order that it might become effective.

The letter explaining the purposes of the agreement and asking the growers to sign the agreement if they wish a marketing program under the Agricultural



Adjustment Act for citrus fruit grown in the State, read as follows: "It is the purpose of this agreement to stabilize marketing conditions and improve returns to Florida citrus growers: 1. By making it possible for the Florida citrus fruit industry to regulate shipment of low grade fruit and fruit of undesirable sizes so that the price for the better fruit can be maintained at a higher level.

2. By making it possible for the Florida citrus fruit industry to regulate shipments to auction markets so as to avoid an over-supply which tends to depress prices.

3. By making it possible for the Florida citrus fruit industry to regulate and restrict total shipments from the State, when necessary, so that no more fruit will be shipped than the markets can take at prices profitable to growers.

"The agreement will be administered by a committee of 13, made up of 7 growers and 6 shippers, whose names appear in this agreement. Similar agreements are in effect in the citrus-producing areas of Texas, Arizona and California, and a similar agreement for Puerto Rico citrus has been tentatively approved.

"A large number of Florida citrus growers have forwarded to Washington petitions requesting that the Florida agreement be made effective and a license issued. We are, therefore, submitting the agreement to the growers in order that they may have an opportunity to sign it if they feel that the program which the agreement authorizes will be helpful in increasing the incomes of citrus growers.

"If you are in favor of this agreement for the Florida citrus industry, please sign in accordance with the enclosed instructions and return the agreement, together with your signed record of production to the Chief Hearing Clerk, Department of Agriculture, Washington, D. C."

The date on which the agreement can be made effective depends largely upon the promptness with which Florida citrus growers return signed agreements to the Administration, it is pointed out by officials of the Adjustment Administration.

# # #

#### 1934 HAWAIIAN SUGAR QUOTA REACHED

The Agricultural Adjustment Administration has announced that the quota for imports of sugar from the Territory of Hawaii for consumption for the current calendar year has been reached. The quota was established by the Secretary of Agriculture under the Jones-Costigan Act in June, 1934, and amounted to 916,550 short tons, raw value. The formal certification, dated November 30, was signed by Secretary of Agriculture Wallace.





The Hawaiian quota is the third of the quotas from important off-shore areas supplying sugar to the United States to be filled. The Philippine quota was reached early last summer, and the Puerto Rican quota was certified as filled last month. After the import quota for a region is reached, no more sugar from that area can enter the United States during the current calendar year unless it is stored in bond in accordance with special regulations of the Agricultural Adjustment Administration.

The remainder of the requirement for 1934 in eastern and southern territory of the United States must be filled from the balance of the Cuban quota and the new crop sugar of Louisiana and Florida. The western territory is being supplied by the balance of the beet sugar quota.

# # #

#### ADJUSTMENT CONTRACT TO PHILIPPINE SUGAR GROWERS

Secretary Wallace has approved the sugar-cane production adjustment contract under which planters in the Philippine Islands will be offered payments aggregating approximately \$14,000,000 in consideration for reducing their production of sugar for the next two crops, the Agricultural Adjustment Administration has announced.

The Philippine program is the first of the programs for sugar to be applied to off-shore areas, and is a major step in the general adjustment of sugar supplies to requirements. The funds to finance the payments to producers participating in the program will be derived from processing taxes on sugar from the Philippines.

A reduction in Philippine sugar production has been made necessary by the quotas established for sugar importations in the United States from the insular areas and foreign countries under the authority of the Jones-Costigan amendment to the Agricultural Adjustment Act.

The 1933-34 record sugar crop of the Philippine Islands was about 400,000 tons in excess of the local consumption of the Islands plus the quota for shipment to the United States of 1,015,185 tons established by the Secretary of Agriculture in June 1934. This quantity of 400,000 tons has been shipped to the United States to be held in customs custody for release on and after January 1, 1935, against the 1935 quota and thereafter only 615,000 tons of new crop Philippine sugar can enter the United States for consumption in 1935 to complete the 1935 quota.

The production adjustment contract for the Philippines is therefore designed to reduce the 1934-35 crop, which, without restriction, would have been approximately 1,550,000 tons of sugar, to approximately 827,000 tons, which total will allow 112,000 tons for insular domestic consumption for the coming year, provide a reserve of approximately 100,000 tons, and allow shipments in 1935 to the continental United States of approximately 615,000 tons.



At the same time, assuming that the 1936 quota and insular domestic consumption will be the same, planters in the Islands will be able to produce a crop for 1935-36 of approximately 1,127,000 tons, this total including 112,000 tons for insular consumption.

Adjustment Administration officials pointed out that although the proposed reduction may be regarded as drastic, it is an adjustment which Philippine planters would necessarily have to effect under the Tydings-McDuffie Act, also known as the Philippine Independence Act. When it becomes effective, the Tydings-McDuffie Act will limit their duty-free exports of sugar to the United States to about 956,000 short tons annually. Through cooperation in the adjustment program now being offered them, Philippine planters, because of the benefit payments, will be able to make the transition to the lower level of production required by the Philippine Independence Act.

The exact amount of payments per ton of cane to be received by producers for the cane that is taken off the market has not been determined, but it is expected that the payments for sugarcane kept from production will be on the basis of \$16 to \$18 a short ton of sugar. The payments will be based on the difference between the amount of sugar allotted to producers for production from the 1934-35 crop, and the amount of sugar they produced in 1933-34.

Approval of the production-adjustment contract supplements steps already taken to bring about adjustment in the Philippine production. A marketing agreement designed to correlate the marketing of the sugar with controlled production has already been tentatively approved by Secretary Wallace and forwarded to Philippine millers, refiners and handlers for their signature. This agreement provides, among other things, for withholding new-crop sugar shipments from the Islands until the first of the year. To supplement the Jones-Costigan amendment to the Agricultural Adjustment Act, the Philippine Legislature has approved a Sugar Limitation Law which needs only the signature of the Governor-General of the Islands to become effective.

In return for receiving benefit payments, each planter signing the contract agrees, among other things: (1) To dispose of all of his sugarcane, in excess of the amount required to produce his sugar allotment for the crop year 1934-35, in a manner approved by the Secretary; (2) to satisfy the representatives of the Secretary of Agriculture that he has reduced his sugarcane to the point necessary to produce his sugar requirements for the year 1935-36; (3) not to mill or sell for milling any sugarcane in excess of the amount required to produce his allotment; (4) not to sell, transfer, or assign his right to benefit payments under the contract; (5) not to plant on sugarcane land on which benefit payments have been made, any basic commodity other than for home consumption; (6) to comply with regulations made on sugar production and marketing.

Benefit payments are to be made to planters in three installments. The first, to be paid as soon as possible, is to be equal to one-third of the total benefit payment. The second installment is to be in an amount equal to one-half of the total benefit payment and is to be paid after proof has been submitted that the planter has disposed of a reasonable portion of this excess cane in the manner prescribed. The third and final installment, which is to be the balance



of the benefit payment, is to be paid when the planter has submitted proof of full compliance with all the terms of the contract.

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#### SCHEDULE OF MINIMUM PRICES FOR BEES

Secretary of Agriculture Wallace has approved the 1935 schedule of minimum prices for bees, under the marketing agreement for the bee shippers' industry. The schedule was proposed by the control committee in charge of administration of the agreement.

The prices, which are for package bees, nuclei and queen bees, were submitted by the control committee after their meeting on November 2. Discounts on quantity, previously proposed, have been eliminated. The entire minimum price schedule can be obtained from the office of the Chief Hearing Clerk, Agricultural Adjustment Administration, Washington, D. C.

# # #

#### SHEEP PURCHASES IN DROUGHT AREAS

Through November 23, 1934, the purchases of sheep in drought areas in 18 States by the Drought Relief Service of the Government totaled 3,545,149 ewes. These sheep were bought on 26,477 farms, whose inventory of sheep totaled 27,074,660 head. The bulk of the purchases was made in Texas, South Dakota, North Dakota, Montana, Colorado, Wyoming, Utah and New Mexico, the rest being in California, Arizona, Idaho, Iowa, Kansas, Minnesota, Missouri, Nebraska, Nevada and Oregon.

# # #

#### WOOD TURPENTINE AND ROSIN HAVE AMENDED LICENSE

An amended license for the wood turpentine and wood rosin industry has been signed by Secretary of Agriculture Wallace. It became effective December 5. The amendment names the control committee for the license as follows: L. N. Bent, Wilmington, Delaware; S. L. Spitz, New York, N. Y.; Dr. F. W. Kressman, Laurel, Miss.; George R. Tennant, Hopewell, Va.; and R. L. Diggs, Jacksonville, Fla.

# # #

#### PRICES PAID BY FARMERS FOR FOOD

The third of a series of reports based on a three-day price enumeration made by Federal Civil Works Administration employees on a country-wide scale, from January 24 to 27, 1934, has been issued by the Bureau of Agricultural Economics. The enumerators visited 32,067 representative stores in towns of 15,000 population or under in agricultural areas to obtain price quotations.





These have been combined as State averages for individual commodities. Other reports in the series, covering prices paid for household articles, building materials, feed, seed, fertilizer, farm equipment, supplies and farm machinery, by States, will be published later.

For food, the highest prices paid by farmers were in the deficit food producing area of New England; the lowest were paid in the surplus producing area of the East North Central States. The following tabulation shows the prices paid in towns in the indicated areas for sugar, flour, bread, cornmeal and smoked bacon:

Division	Sugar		Flour		Bread, white		Corn Meal		Bacon, smoked	
	Towns	Price per pound	Towns	Price per 24-lb. sack	Towns	Price per pound	Towns	Price per pound	Towns	Price per pound
	No.	Cents	No.	Cents	No.	Cents	No.	Cents	No.	Cents
U. S.	11,557	5.5	11,403	95.0	11,151	8.6	11,227	2.8	10,736	15.7
N. England	342	5.4	337	112.1	335	8.0	337	4.8	335	20.2
M. Atlantic	853	5.2	847	101.3	832	8.8	825	4.1	830	18.2
E. N. Cent.	1,480	5.5	1,462	92.0	1,458	7.3	1,462	3.0	1,436	15.2
W. N. Cent.	2,221	5.4	2,179	91.4	2,158	8.3	2,195	3.0	2,146	15.7
S. Atlantic	1,954	5.5	1,950	97.6	1,864	9.2	1,877	2.3	1,552	16.1
E. S. Cent.	1,501	5.7	1,497	97.3	1,383	9.0	1,410	2.2	1,343	13.8
W. S. Cent.	1,626	5.5	1,627	92.5	1,573	8.8	1,614	2.5	1,533	15.0
Mountain	896	6.0	834	92.1	877	8.7	868	3.7	887	18.2
Pacific	684	5.4	670	97.4	671	8.9	639	3.6	674	19.5

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"AGRICULTURAL PLANNING IN A DEMOCRACY"

The following excerpts are from an address by H. R. Tolley, Assistant Administrator of the Agricultural Adjustment Act, and Director of the Division of Program Planning, before the American Association of Land-Grant Colleges and Universities in Washington, D.C., November 20, 1934:

"In these days when the nation is making consciously-planned efforts toward economic recovery, it is important that what is meant by 'planning' should be clearly understood. There is nothing mysterious about the word.



'Planning' simply means trying to see where we want to go, and then trying to find the best means of getting there. Everyone does this in his daily life. One marks a course on a highway map when driving somewhere, instead of trusting to luck, or the hunches of back-seat drivers. Yet, in the most vital matters of public welfare, there are persons who would leave everything to chance. Such persons as these have used the word 'planning' to frighten the people, conjuring up from it fearful bogeys - regimentation, dictatorship, and loss of liberty.

"Planning in a democracy is a method by which the people themselves, through the public leaders they have chosen and the public agencies they have set up, can use foresight in moving toward more desirable conditions of living. The people choose the leaders; the people pass judgment upon the plans which the leaders present to them; and if they are not satisfied with the plans, the people can turn down both plans and leaders. In a somewhat more direct way, the people also pass judgment upon the leadership of their tax-supported colleges and universities. By giving or withholding appropriations, and in other ways, eventually the will of the people is felt in these public agencies.

"Confused thinking about planning in a democracy is especially unfortunate at a time when that democracy has been faced with conditions of suffering and disorder coming close to national disaster. At such a time, it is the clear responsibility of leaders chosen by the people to formulate measures for averting further suffering and for improving the conditions in which people live and work. In our democracy the basis of this kind of public responsibility is to be found in no less conspicuous a place than the preamble to the Constitution, which makes the promotion of the public welfare a specific end of government.

"In so far as that welfare depends upon economic conditions, public leadership obviously must concern itself with those conditions, if it is to uphold its responsibility. Failure of democratic leadership and of the democratic method would indeed be implied if that leadership stopped short of dealing with the very element in a situation that is most vitally linked with people's lives. To argue in these days that the economic element is outside the concern of democratic government comes very close to arguing that democracy is synonymous with irresponsibility.

"I do not believe that this is the view of the people themselves. I believe there is plenty of evidence that people are anxious that the agencies which they have set up, and the leadership which they have chosen, should apply their capacities for research, analysis, synthesis and design - in a word, planning - to those problems which by their very nature the people as individuals cannot deal with. This is indeed the function for which such agencies have been created.

"Granting, then, the responsibility of public agencies in a democracy to plan for the public welfare, what is the approach to this function, and within what limits shall it act?

"I should like to suggest that the approach to planning for the public welfare should be the approach of science. The scientific approach involves, first, the inspection of a problem; second, the development of hypotheses, or the outlining of possible solutions to the problem; and, third, the verification of these hypotheses under actual working conditions. This experimental approach of science





should hold, in a general way, for social as well as for mechanical or biological problems. There should be the same realistic facing of facts, the same tireless gathering of data, the same ingenuity in working out possible solutions, and the same open-mindedness in judging the success or failure with which the solutions prove out.

"Science in the past has perhaps been too little concerned with the social and human import of the discoveries and inventions which it has developed and released to the world. Supposedly its responsibility ended once the discovery or invention left the door of the laboratory. The challenge to men of scientific temperament today is to bring human society within the scope of their scientific vision, to accept responsibility for the revolution that has been effected in the mechanical field, and to use as much pains, ingenuity, and courage in social inventions as they have used in mechanical inventions. Only thus will the promise of science be fully realized in terms of human welfare.

"But scientific planning in a democracy is also democratic planning. I should like to suggest, therefore, within what limits the function of planning by public agencies can properly operate in a democracy. These are some of the things such agencies can do: They can survey the various aspects of a problem which arises in society. They can publish the results of such a survey for the consideration of the people affected. They can study and criticize the plans that are formulated by different groups to meet the problem. In this study and criticism, they can bring to bear a broader point of view than any one group is likely to have. But their work should not stop there. They should contribute the special knowledge they have gained for the benefit of lawmakers for the nation or the States. And beyond all this, they can be at the service of administrative authorities in developing actual procedures.

"After a plan has been put into operation, the democratic and experimental process has still not been finished. There should be a further opportunity for assessing the opinion of the people affected, as to the results of the plan and their desire for its continuation. This is the final test of the plan.

"Through such a series of operations as this, planning takes its place in the process of economic democracy. It must be geared directly with action. Through this linking of planning and action, the centralizing power of government can provide effective machinery for dealing with new economic problems before which a planless government would stand helpless.

"The need for such centralizing machinery has been greater for agricultural groups than for most other groups. The great number of farmers, operating individually, under widely different conditions, with almost no control over the supply of products which they produce, and with prices for many of the products subject to world marketing conditions, have faced a peculiar disadvantage as against the highly protected and increasingly coordinated position of other economic groups.

"When in 1929 there were 25 percent of the gainfully employed population in agriculture, farmers, according to past relationships, should have had something like 13 percent of the national income. Actually they had only 10 percent and this declined to 7 percent in 1932--reduced as that national total was. Without centralizing agencies, many farmers tried to meet their fixed charges by increasing production, which served only to shrink their incomes still more.



"There is no question that farmers, by expression of opinion and by vote, have shown in the last two years a common desire to utilize the centralizing power of their government for accomplishing a better coordination of their activities. It was because of this expression that the Agricultural Adjustment Administration came into being early in 1933, and, with farm groups and leaders, worked out the agricultural adjustment program now in operation. That program so far has been largely of an emergency nature. Now, however, with the worst phases of the emergency behind us, farmers and the farm administration face the task of revising and overhauling the adjustment machinery with a view to making it serve as a more permanent means of helping farmers to attain and hold a more satisfactory standard of living.

"In this revision, agencies of planning need to stand off, as it were, and get a wider perspective of the whole agricultural situation. The short-time emergency goals no longer fill so much of the picture. Planning agencies need to draw up, therefore, a chart of longer-view guides and goals which may help direct the course of agriculture toward a better position in our whole economic life. This position should be one which brings the greatest measure of social justice in distributing the returns of production among all those groups who contribute labor and intelligence in farming - owner-operators managers, hired workers, land owners, tenants. It should be one which enables agriculture to supply an abundance of its products to meet the needs of a balanced national life.

"These longer-times guides and goals fall naturally into three classes, necessarily interrelated. There are, first, the considerations connected with supply; that is, land resources, production methods and adjustment, and all the factors which make up the national agricultural plant. There are, second, the considerations related to demand, which include domestic and foreign consumption in their present and future possibilities. There are, finally, the considerations related to the people on the land, the standard of living, housing, modern improvements, community interests, education, local government, sanitation and health services, and all the physical and cultural circumstances of rural life.

"You cannot treat any of these things separately. Consideration of land use and production must inevitably be in relation to the prospects of demand. And upon the success with which production meets demand, and both of these factors increase toward their abundant possibilities, depends the measure in which farm families can raise their standard of living and enrich their cultural life.

"When we look at the adjustment program as it has worked out so far, we see that it has mostly been concerned with factors relating to the agricultural plant, and of these factors it has chiefly dealt with the one factor of production adjustment. Obviously, in the face of ruinous surpluses, this has been the necessary immediate approach.

"A decisive percentage of the agricultural plant as it is now made up was brought into the program, with some three million farmers cooperating in production adjustment and another million farm producers working through marketing agreements and licenses. Surpluses were reduced substantially, partly because of the drought in the case of some commodities, but on the whole through the operation of the adjustment program.





"Through the operation of these factors and the recovery program as a whole, approximately 700 million dollars was added to farmers' cash income in 1933 over 1932, and it is estimated that in the present year nearly a billion dollars will have been added over the 1933 figure. This is an increase in money income, from 1932 to 1934, or nearly 40 percent. Allowing for the increase in the prices of things farmers buy, the increase amounts to 22 percent.

"All the present programs for the major commodities will have been finished by the end of 1935. Looking toward the future, then, farmers and farm agencies are faced with questions about the nature of later adjustment programs. Shall the methods of such programs be changed so that they will be of a more permanent kind? Will it be desirable, perhaps, to supplement processing taxes and benefit payments with other devices which would discourage non-cooperation? Shall the separate commodity approach be continued, or would a single-contract-per-farm program be more feasible and advantageous? How can marketing agreements and licenses work more directly in the interests of producers?

"These are questions about which farmers and planning agencies must be thinking now, if they are to be ready to decide on them later. The attitude and desires of farmers will finally determine the course of agricultural adjustment.

"In the development of AAA programs, effort is made at every point to keep in step with farmers concerned. This is necessary if the programs are to succeed, for no matter how useful may be the special knowledge of men of the agricultural colleges and the public agencies in helping to formulate plans, the plans will not work unless farmers understand them and want them.

"Production adjustment aims at balancing supply with demand. An appraisal of the demand for different commodities, and indeed, planning ways to increase that demand, are of equal importance with adjustment of supply. This approach raises many questions. How much of each commodity will farmers as a group produce? On what lands shall these commodities be produced? How much land, in total, will be needed, What would be the total number of farmers participating in this production, and how may the others provide for themselves? What additional National and State legislation would be needed? The answers involve a number of variable factors. The amounts of the different commodities that need to be produced depend on foreign and domestic demand, and this demand depends on dietary habits and the income of consumers, on the conditions of production abroad, and on the relations of international trade.

In planning the adjustment programs now in operation, these factors have all been taken into account. In considering the volume of agricultural production it is well to consider for a moment what would be the consumption of agricultural products if the industrial productive capacities of our country were operating at a level which would allow a full exchange of goods and services. During the pre-depression period from 1925 to 1929, the amount of land used to produce food for the population of the United States, computed in terms of the present population of 125 million people, was 287 million acres. The depression, however, reduced incomes and lowered the standard of living of many persons, with the result that in 1932-33 the number of acres used for domestic food consumption was only 281 million. This acreage roughly corresponds with the amount of land which it is estimated would be brought into use to provide the American people with an adequate diet at moderate cost. The land requirements of a liberal diet, as





defined by nutrition specialists, would be considerably greater - possibly as much as 335 million acres. However, a tremendous increase in consumer incomes and fundamental changes in people's dietary habits would have to take place in order to bring the land used up to this figure. The point is that more land will be needed with improved standards of living than with low standards.

"Another factor in the demand for agricultural products and in determining the amount of land necessary for production is international trade. Cotton, wheat, tobacco, pork, fruit, rice, and other commodities are sold abroad, and the amount of their export must be taken into account in adjustment plans. Steps toward revival of international trade and the reopening of foreign markets for our farm products have been taken through the Reciprocal Tariff Act and the establishment of the Export-Import Banks. The basic principle of international trade is: If we would sell abroad we must buy from abroad.

"The standard of living of the people and the volume of our agricultural exports and agricultural imports both have a direct bearing on what the total size of our agricultural plant should be. The new program of Government acquisition of submarginal land will aid in controlling the size of this plant. But land of the type being acquired is of low productivity and most of the people occupying it are not engaged primarily in commercial production. Therefore this program can not be considered as a principal means of production adjustment.

"However, there are other cogent reasons for a program of better land use. First of all there is the imperative necessity of providing an escape for families who are unable to support themselves on poor land. Then there is the fact that much of this land, although submarginal for farming, is suited to such social uses as forest reserves, wild life refuges, and recreation areas. The extent and general location of submarginal farm lands will, I understand, be indicated in the land-use report of the National Resources Board.

"What proportion of our national population will live on the land and make their living from farming and what proportion will live by other occupations? Conflicting forces are at work, some pointing toward a smaller number of families on the land, and some pointing toward a larger number. The greater the production of non-agricultural goods, the more people will be needed in the cities in proportion to the number on farms. Other factors which tend to restrict the number of farmers are the tendency toward larger farms (which make for more efficient production), and the small volume of farm exports. Over against these are several factors which operate to bring an increased number on the land. These are an increase in farm population with no outlet in cities, the return of city people to the land in an attempt to find refuge from economic stress, and the fostering of new communities in suburban or rural districts to take care of families on relief rolls.

"The resultant of these forces has been an increase in the number of people on the land, without a corresponding increase in the opportunities to make a living from the land. Therefore special arrangements must be made for the relief and rehabilitation of those groups for whom adequate opportunities do not now exist. Among them are the great number of families on submarginal land which returns them a living at a bare subsistence level; that proportion of the two and a half million agricultural workers whose wages do not allow them a decent standard of living; and the two million young people backed up on farms who would normally have made their way to the cities to be absorbed in industry or business.



"All these groups must be considered in planning for human rehabilitation. Regardless of future developments in respect to opportunities, either on farms or in the cities, which might decrease the number of distressed people on the land, some orderly procedure must be adopted for taking care of them now.

"In working toward a more permanent solution of this and other problems which I have discussed in connection with planning, the economic condition of non-agricultural groups must always be in the forefront of our thinking. In the end, a better income for agricultural workers, tenants, share-croppers, and farm-operators will depend on increased purchasing power among the large numbers of consumers, and upon better incomes will depend the measure in which the good things of life, above a bare living, will come within the reach of everyone.

"If the nation is to win through in its battle for recovery, thoughtful leaders in every State must accept their share of the new social responsibility. Nor does the responsibility for planning end there. It also rests upon those people in every community in the land who take the trouble to think through the problems which beset us all--those people, in other words, who are social-minded and alert to the changing conditions of their time. This is the nature of planning in a democracy."

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