

The Economic Club of New York

75<sup>th</sup> Meeting

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The Farmer and the National Welfare

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Introduction

President Howard Elliott

Gentlemen of The Economic Club, your committee presents at this seventy-fifth meeting the subject, “The Farmer and the National Welfare.” More than 100 years ago Oliver Goldsmith said:

“Ill fares the land, to hastening ills a prey, where wealth accumulates and men decay;  
Princes and lords may flourish or may fade, a breath can make them as a breath has made;  
But a bold peasantry, their country’s pride, when once destroyed, can never be supplied.”

This is a solemn and true saying, of which we should take heed. It is a fact that young men and young women today do not want to live on the farm. In 1880, 14,358,167 people lived in cities and towns and 35,797,616 in the country. In 1920, this was changed to 54,304,803 in cities and towns, and 51,406,017 in the country.

Sixty percent of commerce and industry revolves about production on the American farm.

Everyone, therefore, manufacturer, miner, banker, lawyer, engineer and all the people are vitally interested in the reasonable success of the farmer. A very real question economically, socially, and politically, is before the country, and all classes of intelligent people should help to find the right answer.

In a very proper desire to make of the United States a great industrial nation we have built up under our system of laws a wonderful manufacturing capacity. In a very proper desire to benefit what is called “labor” and to improve its earning power and its working and living conditions, we have developed laws that have promoted its interests. The power of the government, through protective tariffs and labor legislation, has stimulated a “Home Market” for the farmers and has accomplished great results for the industrialist and the working man. The agriculturist, however, feels that the power of the government has been used to the advantage of these two classes to a much greater extent than it has been used for his advantage, and there is dislocation now that is disturbing.

The American farmer in the last ten years has produced fifty-three and a half billion bushels of grain, and he must produce in the next ten years more even than that enormous amount. It is important that the farmer in producing that great quantity of food – so essential to our national welfare – shall receive a fair return.

It is true that mechanical contrivances have enabled the farmer to produce with a day’s labor very much more food than was the case forty years ago, but even so, agriculture and farm life do not offer attractions or economical rewards equal to what young people think they can obtain in the cities.

Our general scheme of laws, for the time being, has resulted in the farmer's paying higher prices for everything that he buys; high prices for every man he hires, but he thinks he is unable to get a compensating price for what he has to sell. This presents a serious question, industrially, socially and politically. The farmer feels that he is not being treated fairly, and he is struggling to find some remedy, and before the right one is found may select some foolish ones.

We do not want in this United States of ours to have an economical conflict between "western" United States, where the majority of people are engaged in agriculture, and an "eastern" United States, where the majority are engaged in industry, in an economical conflict. We want to have a "united United States" and do justice to all, particularly to those who live on the land who, as Goldsmith points out, are so important for the welfare of any nation.

The Economic Club has no answer to this important question but is glad to do its part in presenting the facts from men of national reputation who are familiar with the subject.

Your first speaker does not need an introduction to you. He simply needs presentation, the Honorable Frank O. Lowden, born in Minnesota, educated partly in Iowa and in Illinois; lived in Illinois most of his life, a lawyer, a farmer, and a statesman; Member of Congress, 59<sup>th</sup>, 60<sup>th</sup>, and 61<sup>st</sup> Sessions; Governor of Illinois, 1917 to 1921 and, as you well know, a very leading and prominent candidate for the Presidency in the Convention that finally nominated Mr. Harding. He is a close student of the farmer and I know he will bring you much useful information.

Governor Lowden. (Applause)

First Speaker

The Honorable Frank O. Lowden

Mr. President, and gentlemen, this is the nearest to a pulpit I think from which I have ever spoken. It may take me some little time to get adjusted to my environment, and if so, I shall ask you to bear with me. I need not say that I appreciate the opportunity to address The Economic Club of New York on this very important subject.

I shall not attempt, it would not be proper within the limits of a dinner speech, to discuss in detail the problem. I shall be content if I shall succeed in persuading you of two things, first, that there is an agricultural problem and, secondly, that it is not the problem of the farmer alone, or of the west alone, but that it is the problem of all classes and of all sections of our country. I say I shall be content if I accomplish these two purposes, because the thing that has most delayed any proper consideration of the question, that has postponed the final solution of the question, has been the lack of understanding, particularly in the commercial and industrial centers, of the true situation upon the farm.

It is very seldom that I come to New York, or that I come to Chicago, or to any other great city in America, that the first thing that strikes my attention when I take up the daily paper, is some

heading in some financial column to the effect that farmers' troubles are all over. That has been going on for a number of years and therefore, tonight, I hope I shall be able to persuade you that there is a problem, that it is not limited to any one product of the farm, that it is not an occasional and temporary thing, but that fundamentally there is something wrong with the agricultural situation.

The Department of Agriculture gets out once a year a sort of review of the agricultural situations for the preceding year. That comes out in what is called "The Crop Reporter," I think in July. Last July, in their issue, they said that the agricultural conditions were considerably better than they had been for the preceding four years. The press of the country made a glaring and impressive headline out of this, "Agricultural Prosperity Restored," and that was the natural inference, perhaps, from the opening sentences of this statement. But I went through the statement to find out just what the basis of the optimism which seemed to be inferred from the statement was based upon.

I found that last year, the year ending July 1<sup>st</sup>, 1925, the income of the farmer upon his total investment, after allowing himself a wage much less than the wage of the common labor in any of the cities, was 3.6 percent. That did not seem to me to justify all the roseate hopes for the future that were being expressed. But it was very much better than any of the preceding years, because I found that while his return was 3.6 percent upon his total investment of the year before, for the five years ending that same date his average earnings upon his capital had been

3/10ths of 1 percent. I saw no reference in the statement to whether or not the depreciation of improvements was charted, or depletion of soils, and so I wrote the Department of Agriculture. I learned that neither of these items was included, neither the depreciation of implements nor depletion of soils.

I submit to you gentlemen who are familiar with industry that if any great industrial company issued its balance sheet, or set up its financial condition omitting these two important items, there would be very grave questioning of the correctness of the statement in all respects, because if these items had been deducted, this 3/10ths of 1 percent would have disappeared and more than disappeared, and the earnings of 3.6 percent for last year would also have gone, without any question of doubt.

But going a little bit farther in this report, I found the reason why the return upon the investment was increasing, because the report stated that the total capital of the farmers had gradually shrunk during the five-year period from \$47,000,000,000 to \$32,000,000,000 – \$15,000,000,000 had been wiped off the books of the capital and, therefore, I began to question whether this industry was in as healthy a condition as we were led to believe.

Now I am glad to tell you tonight that these are not simply my figures, nor my inferences from the figures given by the Department of Agriculture, but the National Industrial Conference Board, of which you all know, an economic organization set up by the chief industries of the



country, has itself been making a survey of the agricultural situation, and they say in a report recently issued, "If agriculture has been able to compete with other branches of our economic life for labor and capital, it is only by virtue of the consumption of its own basic capital and by virtue of the qualities of the farm population itself." This situation suggests that the great agricultural plant of America has been running down during the last few years.

Now, a good many people imagine that it is simply a temporary condition which had not existed until since the war. That is far from the truth. The fact is, as surveys made by some of the Western Federal Reserve Banks show, that in the years before the war the average return upon the then valuation of the land of the agricultural portions of this country, did not exceed 3 percent. But the farmers were content because their land was appreciating each year. They felt as though the land was a sort of savings bank. You heard but little complaint from them. But they have been sadly disillusioned in late years as to that form of savings bank and that kind of consolation will not satisfy them in the years that lie ahead. In fact, agriculture has been undergoing a great revolution, without even the farmer or the public appreciating the fact.

In the early days the farm was simply a sort of self-supporting, self-satisfying home, and but little more. The farmer raised wheat primarily, sent it to the mill to be ground into flour for his own and his family's use. He raised sheep only that the wool from their backs might be taken and spun into clothing for his family. And so it did not matter much what the relative price of the things he had to sell compared to the relative price of the things he had to buy was. His purchases

were small. He always had enough to make those small purchases.

In those days the farmer did not produce anything like the abundance that he does now. A good many people regret those simple days and wish we might have them back again. But it is only because he has adopted the industrial system in production, producing more per man than any other farmer in the world, employing plowing machinery at great expense, specializing upon one thing, which is necessary if he is to produce economically, or two or three things. With that change going on today, he is a part of the great industrial system, without the advantages which that system confers upon other portions of the structure, and if we were to go back to the simple days which we are sometimes advised to do, we would not be producing enough to feed the teeming millions of the growing cities of the land. This reduction in the population upon the farm of which your president spoke has been possible only because the farmer is producing in a commercialized way for the commercial population.

Now, then, producing in that way he has entirely different problems presented to him from the simple problems of the old days when the farm was little more than a self-supporting home.

This condition that I have described, while serious to the farmer is, in my opinion, just as serious to the country, and that is the point that I want particularly to stress tonight. People in the cities are usually concerned only in the immediate price they take for their food. They are not particularly interested in how much of that goes to the farmer, and yet they are vitally interested,

if they would only look a few years ahead, because two things are bound to happen if the present condition of agriculture continues for a series of years in this country.

In the first place, the number of those who till the soil will continually decrease until we haven't enough farmers to produce food enough for our people. This process is going on pretty rapidly now, and it will continue as long as the rewards of agriculture are not equal to the rewards in other industries, and that is what the economists predict practically now, if nothing is done consciously to correct this inequity between agriculture and other industries. They tell us that in the course of 15 or 20 years the balance will be restored between agriculture and industry. All we have to do in the meantime is to make our wives and children work just a little bit harder than they have worked in the past, to economize in every way we can, trusting that we may be stronger than our neighbors and survive them, and that if we will be content with that for 15 or 20 years, in the meantime, the weaker will be bankrupt and driven off the farm when, as the economists say, there will be another maladjustment, in other words, there will not be enough food to supply our needs and prices will rise unduly high. That is not a pleasing prospect from the standpoint of the consumer, any more than from the standpoint of the producer. No class will go on indefinitely producing at a loss, as all the world knows and, therefore, if we are going to meet the needs of generations coming after us, enough food, agriculture has got to be made reasonably profitable.

The consumer ought to be interested in having the farmer receive a sufficient price for his

products to enable him to go on producing indefinitely, in the interests of the generations yet to come. Another result that is following very rapidly is the depletion of our soil. A good many people in the cities wonder why the farmer goes on producing if he is producing at a loss. They say, "Why doesn't he stop?" I want to answer that. The farmers' expenses are nearly all constant expenses, nearly all overhead expenses. His labor is done largely by himself and his family. He cannot let his labor go when he is producing at a loss, because if he did he would have to discharge his wife and his children and himself. That is no answer to the proposition. His expenses, however, go on, and therefore, having to meet these fixed charges, he is tending all the while to raise more and more of the less profitable product, maybe, in order that the gross amount may be sufficient to meet his financial needs. And so, although the farmer knows that he cannot go on subtracting forever from his soil without diminishing the remainder, he has learned that from the agricultural colleges, he knows too, that it costs more to keep up the fertility of his soil, and having to meet those fixed charges, whatever the prices may be, he puts off the restoration of his soil or the maintenance of his soil until another and more prosperous year.

And so today we have seen our soil depleted more rapidly in recent years than it ever had been before, and yet we have never been famous for the conservation of our soils in America any more than we have been famous for the conservation of our other natural resources.

I was told recently that milk in Chicago was selling at 14 cents a quart, that the farmer was receiving five cents for his share. It may not concern the consumer of milk in the great city what

the farmer receives out of the price he pays, but it ought to interest him if he has a thought for his children, because it is to his interest that the farmer receive enough for his milk so that he can afford to go on producing indefinitely, and at the same time maintain the fertility of his soil. If it is not done, the result in a generation or two, hence, will be, as all economists agree, very high, ruinously high prices for all the chief products of the farm.

The consumer complains now, justly, in many instances, of the price he is paying for the things he buys from the farm, and so many people seem to think that if any remedy be found for the agricultural troubles, the consumer will suffer still more. I have made a little bit of inquiry on my own account into some of the facts with reference to this very question. We think of wheat and flour as almost synonymous terms. Wheat is, as we suppose, the basis of bread, and yet the farmer receives but from 15 to 18 percent of the price which the consumer of bread pays on an average in the retail markets of the United States. Another curious thing, while wheat was fluctuating from \$1 to \$2 a bushel, the price of retail bread was fluctuating less than 15 percent. Does anybody believe that if bread, when wheat was selling at \$2 a bushel, was worth but 15 percent more, that the consumer ever got any bread based upon dollar wheat? Of course, he did not. As a matter of fact, the consumer has not been benefitted by extremely low prices of any of the farm products.

Hogs fluctuated during a period of 18 months from \$6.75 to \$14 a cwt. I know about that because I raise hogs on my own farm out in Illinois. During that same period the price of bacon

fluctuated less than 15 percent. Does anyone suppose for a moment that anyone bought bacon based on \$6.75 hogs? Wasn't there some point, somewhere between these two extremes of a dollar and two dollars for wheat and \$6.75 and \$14 for pork, where prices would have realized more for the farmer? And at the same time less to the consumer?

I found in my study of statistics that the spread between what the farmer receives and what the consumer pays is always much less when there is an approach to stabilization of the price of the products of the farm, and naturally, because the businessman has got to receive something for the risk that he takes if he is dealing in rapidly fluctuating commodities, and so isn't there some way by which we can at least approach a reasonable stabilization in the products of the farm? In all other branches of industry the effort has been made for years not to attain absolute stabilization, but to approach it, to eliminate these wide swings in prices of commodities, and with a good deal of success. But in agricultural products, since the war, the fluctuations have been more violent than they ever were before.

Now, a curious thing that brings about these fluctuations is this: The farmer, of course, cannot know when he plants his corn how large a yield he will get. We are told that he must imitate industry and adjust his production more nearly to the demands for his product. But he does not know what the season is going to be. He does not know whether it is going to be favorable or not, and so he must blindly plant his field, and yet if he gets an unusually large crop he finds he is worse off than he was before, the last stage is worst than the first.

Take corn as an illustration last year. A lot of people seem to believe that if by some mysterious process the price of corn be put up to \$1.25 a bushel, that all the farmers' troubles would disappear and everybody would be happy and contented. Last year, according to the government at Washington, the production of corn amounted to about 3,000,000,000 bushels, 2,900,000,000, to be more accurate, 600,000,000 bushels more than the year before, which was a very short crop. But according to the government, that 2,900,000,000 bushels of corn was worth less than the smaller and inferior crop of the year before. The acreage was about the same as the acreage of the year before. It had not been increased because of the higher prices for the short crop during the previous year. Now, suppose, if you please, that the farmers were now, seeing that they received this \$300,000,000 less than they did last year, to adjust their acreage for next year so as to raise the same size crop that they did the year before, and suppose we had another season like the one two years ago, cold and wet summer, and not favorable to corn, and we would have a crop of 1,750,000,000 bushels. If we had that kind of season and nobody can say whether we will or not, with the price of meats going skywards, with the consumers punished just as seriously as the farmers are now, it is necessary for the farmer to produce at times a surplus if he would avoid want the following year. We haven't any surplus of corn, taking a period of five years. We haven't any surplus of wheat, taking a period of five years. We have been producing wheat for some thousands of years in the world, and we are told that there is not enough of wheat in all the world now to feed the world for another year.

We had a good season for growing cotton, and we raised a little more than people figured on, and the price went off about 20 percent, and that last million bushels of cotton cost the cotton farmers of the South no one knows how many hundreds of millions of dollars. We have been raising cotton now for a century, and yet we are told by the experts that when this year's crop is consumed there will not be enough cotton in all the world to keep the spindles of the world busy for 90 days.

The farmer wonders why this surplus, which is a good thing for everybody else, should be an awful burden for him to carry, in these days of commercialized agriculture, because you are all familiar with the fact that we are all happy in the summer time when the season is favorable for growing crop. The papers comment upon that as one of the signs making for prosperity, and it does. The larger the crops, the larger tonnage that you haul on your railroad, Mr. President; the larger is the assurance of the manufacturer that he will have an abundance of food at a reasonable price. Everyone is benefitted by larger crops except the man who produces them, and so he is wondering why, if a surplus is so good a thing for society, it should be so bad a thing for himself. To him it raises a lot of perplexing questions.

A good many people wonder why the farmers should produce this surplus if it is going to depress him so. If he did not do it the very next year the world would go hungry, or would be lacking in clothes, because you cannot tell what the production will be another year. I have made some suggestions with reference to this surplus. I shall not have time to discuss them tonight. I did not



realize that I had taken so much time and I have one or two further general observations that I want to make. But if you are interested at all in my views of this surplus problem, and whether or not a way can be found to make it of benefit not only to society at large and the world at large, not only made to feed the hungry mouths and clothe the naked, but so it won't be a burden to the farmer himself, I have discussed the questions at great length in an article which I have prepared with some care for the World's Work, and which came out in the October number of that magazine. I wish I had time to discuss it, but I have not, because I want to discuss with you one other thing tonight that is disturbing me almost more than anything else.

We hear oftener and oftener of the thought that maybe, after all, what we should do in America, on account of our industrial triumphs and our industrial greatness, is to subordinate our agricultural industry, just as England did more than a century ago. They say, "If we cannot get it from our own farms, we will get it from foreign lands." I want to discuss that for a moment, because I think that is the most disastrous road which the American people could elect to tread.

In the first place, we are told by competent students that in 50 years we will have a population of 200,000,000, probably, in this country, even with our present restriction in immigration. We are told by those most competent to know that straining our agricultural resources to the limit, bringing in all the lands that can be cultivated that are not now under cultivation, when we have reached a population of 200,000,000, we will have approached the saturation point and cannot feed more than that number. Fifty years is a short time in the life of a nation, and so in answer to

that question it is proposed that when that time comes we shall buy them from these virgin lands, Australasia and Canada and South America and South Africa, which have not progressed as far agriculturally as we have.

But we are told by the most competent authorities upon population that there is not one of those lands which itself will not have a population equal to its ability to feed within 60 or 75 or 100 years. In other words, 100 years is but a day in the life of a nation, and at the outside, when that time has come, no nation will be able to survive that is not in a position to maintain itself. We ought to think of those things before we decide upon a policy which means the subordination of agriculture to the industry of the United States. I know that England's example seems to be conclusive to many minds. But I want to call attention to the difference between England, when she adopted this policy, and the situation of the United States.

One hundred years ago England had all the industrial genius there was in the civilized world, practically. The inventions and the scientific discoveries had been made largely in England, and she had a small territory agriculturally, and at that time she could look all around the world and see these virgin, idle lands, which some day would be producing food and therefore she had reason, no doubt, for adopting that policy then. How different the situation of the United States. Every nation is an industrial nation now. There is no nation that has a monopoly of all the genius in industrial organization, or in the discoveries of science or in the inventions of man. Upon the other hand, we have the richest and greatest agricultural domain that any nation in the history of

the world ever possessed, with great possibilities for diversified production. And yet, notwithstanding all the advantages which England had one hundred years ago, when she adopted this policy of making a great industrial nation depend upon foreign nations for her food, they are already beginning to wonder whether that policy was not a mistake.

I visited England two or three years ago. I met a good many of her publicists and a good many of her economists, and the remark that I heard oftenest was, “We are afraid that England is over-industrialized.” Now, if with all the superior advantages which she possesses she is beginning to wonder today, grappling with her tremendous courage and her ability, with the mighty problems that confront her, if she is wondering if those problems have not been made the more difficult to handle, not only economically, but politically as well, because of this policy she adopted of making industry predominant, sacrificing her agriculture, would not we in America do well to pause before we adopt a similar policy?

That is the question that I want to put to you gentlemen representing the great industries of the east. I have not the time tonight to discuss remedies. As I say, I have made some suggestions, and if any of you are curious enough you can follow them up. Maybe I have not suggested the right remedy. Maybe there is a better one. All I am insisting upon is that we have got to find a remedy. We cannot sit down idly and fold our arms and say, “We will wait for the slow operation of economic laws to wreck our agriculture, to impoverish our soil, to make impossible any future for the generations that come after us.”

I know that there are an increasing number of men everywhere in the west, just the same as in the east, who say that there is no remedy, who say that history of the world shows that rural civilization has never been able to stand up against urban civilization; that the history of the nations discloses the fact that the decay of a country's agriculture is inevitable; it always has happened, and that it marks the beginning of the decline of the nation itself. I cannot believe that we are so impotent that if we recognize the problem, we have not the resources within ourselves to meet the problem. I have more faith in the ability of society to save itself than these gentlemen profess.

I do agree with them that no nation has long survived the decay of its agriculture and that probably this nation would not be immune from that result if we were to permit our agriculture to decay. But I do think that just as this civilization has been marked by its increasing power over the forces of nature, by its conquest over mere material obstacles, so that this same civilization, stressing as it is beginning to do, the social sciences, re-examining them from the fundamentals up, will also find some way to make the institutions of man serve the purpose of man. I have that faith in our ability to meet this peril which I believe does confront us. (Applause)

Just one other thought. The President referred to a possible conflict between the west and the east. I want to say just a word upon that before I close. I have heard that with increasing frequency of late. In my opinion, it bodes ill for both the east and the west. There can be no

sectional differences without injury to all sections of our country. If our past history proves anything, it proves that. I can't conceive of no national policy which in the long run will help Illinois and hurt New York. The interests of the states are so interwoven, if we only have the vision to see into the tomorrows, that we shall avoid that conflict between these two sections of the country. If it were otherwise, the concept of the Fathers who framed the Constitution was a mistaken one, and if California and Iowa and New York and New England cannot live under the same flag with benefit to all, then the dreams of those Fathers have failed to come true. I cannot yield to this pessimistic philosophy. If we shall only have the courage to lift our eyes above the level of today and look into the long future, I am certain that we shall see that there is a perfect identity of interests between the agricultural west and the industrial and commercial east in a profitable and therefore, a permanent agriculture for America. I thank you. (Applause)

President Howard Elliott: Gentlemen, you have heard this wonderful talk by a man who is a combination of Iowa, Minnesota and Illinois. Our next speaker is a Simon-pure Iowa man, born there, lives there, gone to Congress a number of times from there, is in Congress now, and is the author of a bill now pending in the House of Representatives, which aims to help those farmers. He is a student of public affairs and of agriculture, and it is a great pleasure to introduce to you Mr. L. J. Dickinson, Republican Representative from Iowa. (Applause)

Second Speaker

The Honorable L. J. Dickinson, M.C.

Mr. Chairman, gentlemen, that courtesy is due a former Governor and ex-Secretary of Agriculture, but should scarcely be accorded just a common Congressman. (Laughter)

I am going to deal with the remedial legislation that is now pending before Congress and I have two reasons for having written down what I am going to say to you gentlemen tonight. In the first place, I think you will find in the press very often that the radical ideas of the middle west are embodied in what is known as the Dickinson Bill, and for that reason I want to be very cautious in what I say to The Economic Club of the City of New York. The second reason is, that when I go home and talk to my people, I have to have some convincing evidence that I made exactly the same speech at The Economic Club of the City of New York that I would make to the Farm Bureau Picnic in Iowa. I want to assure you gentlemen that the cross-currents of this economic discussion tonight on agriculture are very far-reaching, and that you find that the thing is usually economically sound or unsound as it affects the pocketbook of the particular interest in which the gentleman is interested that happens to be talking at that time.

And our interests out in Iowa are all agricultural. I want to suggest to you that this depression is not exaggerated in our section of the country. When you talk of a county, down in one of the best counties in my district, that produces some of the foodstuffs that you consume here in the City of

New York, and find that in that county seat town of 4,000 people, five banks have failed and not a single solitary bank is now in existence, and the same men run those banks and have run them for 40 years, there is something wrong with the economic cross-current that is affecting that county, or that would not have happened. Nobody knows it better than one of these economists in the City of New York that is a student of economic conditions.

Now, I want to begin on what I think is the legislative program that is going to be presented to this Congress and probably discussed pro and con and the things that it involves and the principles that we seek to maintain.

The legislative program as outlined by Governor Lowden in Washington and elsewhere involves the creation of a Federal Farm Board; the right to declare an operation period on a commodity; the designation of an agency to handle such surplus; the assessment of an equalization fee on all producers as the commodity enters the general trade channels, to cover the loss on the surplus sold at the world price.

The members of the Board are nominated through the Advisory Council selected by the farm organization. The declaration of an operating period is made only in conjunction with the cooperative producers of that commodity. When the Board selects an agency, it gives preference to the cooperatives engaged in marketing such commodity. This bill has been formulated after careful study and involves the essential principles the farmers of the west believe necessary to

establish a safe future farm policy. It is known as the Dickinson Bill, H.R. 6563.

The establishment of a Farm Board would be a decided step forward. It would convince the land owners that they have a friend in court, and that their cause will be represented around the council table of the nation. It seems to me that we might say that our economical structure is standing on a table with three legs.

First, Labor. Can there be any doubt that the American standard of wages is dependent upon the maintenance of the immigration laws? Does anyone doubt that if these same laws were repealed tomorrow that wages would immediately drop to the standards of other countries, the efficiency of the workmen being given due consideration? Can anyone doubt that this is the direct result of legislation, and that legislation is effectively setting an American wage, and that all true Americans are going to make every effort to sustain the same?

Second, Industry and Commercial Interests. Can there be any doubt that the industrial system of our country is based on a tariff given for the protection of the owner, of the operator and the workmen? Is there any doubt that the price margin is absolutely maintained by the legislation, not price fixing, but price maintenance on an American scale, the result of direct legislative enactment? Can there be any doubt that the adjustable tariff is a direct effort to fix a margin, and that the same can be adjusted to meet emergencies and that the government is doing it under legislative enactment for the protection of the industrialist, and for the protection of the workmen



in his employ? Can this be other than price stabilization under legislative enactment, passed for that purpose and for none other?

Financially, we have established a Federal Reserve Board. Why change the discount rate in the City of New York? Can it not be used as a barometer for business? Is it not a positive check and balance yardstick in financial transactions? Is not the price of corn to Iowa the yardstick upon which the Iowa farmer must depend?

Third, Public Utilities. Can there be any doubt that our public utilities are able to promote their cause and establish their rates and earn a certain dividend, primarily because, and they must have it, and I am not criticizing it, they have been given certain privileges under the law? Railroads have gathered around them the necessary legislative machinery by which, if trade conditions will permit, they can realize a certain standard return.

A table with three legs never stands well. A table with a weak fourth leg is never dependable. We are asking that the fourth leg be placed under the table, in precisely the same way the other three legs were placed there, which is the process by legislation.

We have difficulty in getting a fair statement of our cause in the metropolitan press. They immediately charge government price fixing, with a farm subsidy from the public Treasury, and the eastern businessman reads the headlines, gets a wrong impression and acts accordingly.

The creation of a Board of six members can certainly be justified. For labor disputes on the railroads, we have provided a much larger Board with greater overhead. For tariff information we have a Tariff Commission. For public utilities we have the Interstate Commerce Commission. For finance we have the Federal Reserve Board, the Federal Farm Loan Board, and the Comptroller of the Currency, and so forth. Can it be denied that the precedent is well established for the creation of a Farm Board to determine a national policy for agriculture?

As for price fixing, let us pause but to say that when a cooperative is designated to care for surplus, it will be for their management to determine at what price such commodity can best be marketed. They will have the advice and council of the Farm Board, they will do as the steel people do, or the cement, or the automobile; they will survey the domestic and the world market to analyze the possibilities; then as would a board of directors of a large business concern, they will use the machinery of the bill to help them carry through the period of overproduction to the best advantage. No government price fixing, but a sufficient direction of the government to permit the cooperative to do for the producers thereof exactly what is being done by big business organizations for themselves.

The objection offered by food consumers is that this plan will increase the cost of living. Let me ask whether you are living cheaper now, while the corn area is depressed, than previously? Did the wheat surplus, with cheap wheat, make any marked difference in the cost of bread? What we

want to do is to prevent the short cycle fluctuation in food products, and stabilize the same, so they will be influenced only by the long cycle of trade fluctuation. Never in the history of our country have all major raw products been depressed at the same time; and price stabilization of any one commodity would have but little bearing on the whole.

No funds are asked out of the public treasury for operating. This bill provides for the self-financing of the commodity. For that reason I hope that we can at least get it before the country that this is not a drain on the resources of the United States. The farmers want to finance their own transactions, and let me suggest how this would work on corn out in Iowa. Iowa and Illinois produce the great majority of corn that goes into the general market channels. We produced in Iowa 477,000,000 bushels of corn. The entire state of Pennsylvania produced 72,000,000. In my district we produced 110,000,000, my one congressional district alone, and that is one district in Iowa. What would happen out in Iowa if we had a surplus of 50,000,000 bushels that had to be cared for and sold at a small loss? It would be assessed back against the corn that went into general market channels, by levying a bushel tax or a bushel charge or equalization fee against the corn as it entered into the general market channels at the elevators. Is there any drain on the public treasury there? No.

What would happen? Your neighbor would say to himself, and what you want to do is to get rid of this 50,000,000 bushels surplus, he would say to his neighbor, “You have some hogs; I would rather sell you this corn than put it out in general market channels.” You would have an

immediate check on corn that went into the market and, therefore, you would have less for tonnage than the Board designated to handle, and so I would say that it would raise the money that was necessary through the tax on the amount of corn that did go into the general market channels and it would decrease the amount of corn that went into the general market channels by reason of the tax having being levied. That is the reason why there are some people in the middle west that do not like to have it charged against them, when they are making an honest effort to get this matter before the public, that they are asking for a drain on the public treasury in order to help them out.

Lastly, will this plan work, and is it economically sound? All we ask is a trial. If it is not sound, it will fail of its own weakness. The man who finds objections, but offers nothing in lieu thereof, must necessarily be convinced that our country must abase the farmers, as have other countries, and that after all, our farmers should become peasants to produce food for the higher-ups.

Our trouble in the past is that definite information is lacking, and our cause is not understood. Some assume the attitude of the foreman, who said to his workmen, "I don't know what you want, but you can't have it." (Laughter)

No impartial judge can make even a casual economic survey of conditions in the middle west and reach a conclusion other than that of uncertainty in earning capacity, uncertainty in investment return, and uncertainty as to future stabilization. Is it well that it should be thus? It

will mean lower railroad returns; it will mean ownership of our land by your insurance companies under their mortgage loan system; it will mean further losses in bank liquidation; it will mean loss of business to those who now have markets in our midst. It will mean that the volume of business turnover in Iowa must be reduced in corresponding ratio to the depression through which we are compelled to pass. When you take from our crop return, you take from us our economic lives.

The Chicago Tribune admitted the fairness of our contention editorially, and I believe the governor will bear me out that the Chicago Tribune, edited in the City of Chicago, has been standing against farm relief until recently, and this is quoted from an editorial a few days since: “The export corporation is the farmers’ own solution to his own problem. We believe it should be given a trial. The worst charge which the enemies of the proposal can bring against it is that it won’t work. They do not say that its purpose is not a beneficent one or that a catastrophe would follow its failure. The cost of the experiment will be small and the situation is serious enough to justify the expenditure. If the export corporation fails to achieve what is expected of it, the farmers will be the chief losers. We have no patience with the argument that an export corporation under government auspices is unsound in principle because it places the government at the service of an economic group. Our government has always been at the service of economic groups. The tariff is designed to protect our industries and agriculture; the Department of Commerce is interested in assisting our exporters and maintains observers in every great trading center in the world to find out what we can sell there. Almost every department of our

government helps one class of citizens or another make money. The export corporation will establish no precedent.”

So much for the economics. Now, let us turn to the political phases of this question. It has often occurred to me that if the last campaign had been formulated along different lines, that the same might have been disastrous and far-reaching in its effect. Just let me suggest that if the Third Party movement had been formulated along the line of equality for agriculture instead of along the line of socialistic doctrines including government ownership and operation of railroads and coal mines, the disorganization of the middle west would have been far-reaching.

If at the present time a forced alignment comes along the line of equality for agriculture, and is adopted by either of the major parties, the same might result in a political turnover that will disorganize the present control of the legislative machinery of our government.

The corn belt proper has in it six states. The wheat belt proper has in it five states. The tobacco belt proper has in it seven states. The food belt proper has in it four states. The lumber states are eight in number. The diversified states are Wisconsin, Michigan, and West Virginia, three states, a total of 37 states.

The highly industrial states are eleven in number. We find 37 states where raw production in some form is the major interest. We find eleven states where industrial interests are dominant. In

37 states we find districts dominated by industry and in the eleven states we find districts dominated by agriculture. I am suggesting this to show that the farm vote is still a dominant factor in even national political parties of the country, and cannot be ignored.

A sympathetic note is sounded from the South, from the Macon-Georgia Telegraph of January 17<sup>th</sup> last:

“The West is demanding that the government either establish agencies to provide for marketing and orderly distribution of farm surpluses or provide a tariff that will assure a fair price for home-consumed commodities and make it possible for the farmer to go to the rest of the world with his surplus and sell it for what he can.

We, of the South, have not been in the same desperate plight, but we have sold our cotton for \$90,000,000 to \$100,000,000 less than would have been a fair price. The price has been so low that we have even lost money on the crop, a loss attributable to the surplus, which is the basis for the distress of the West. Tobacco, because of a surplus, sold at a low price. We are therefore akin in problems to the West.

The South is brought face to face with an embarrassing situation. Shall we join with the West in a demand for farm relief, or shall we stand with the conservative Republicans? It is an issue which the South must settle within the next few months. If we stand with the conservative

Republicans, we continue to force the farmer to pay peak prices for his supplies and sell his products at the low point. If we go with the West, we take our choice between the paternalism represented in marketing agencies and the protection that proceeds out of the tariff. In any event, we cast aside pretenses.”

The political isolation of the South can no longer be taken for granted and if a new alignment comes, the interest of the South will naturally align itself, it seems to us, with the West.

Here I have, and I want to present now, just for the information it conveys, a record, and the only reason I am presenting it is because I do not believe this striking fact had been presented to the people in the eastern section of this country. You can say that economics and politics are two different things, but there comes a time when economics controls the political vote of the different sections. (Mr. Dickinson exhibits map) There was the vote on the relief bill that was brought on two years ago. I think there were many defects in the bill. The section in the east here and in the south here voted against the bill, and that map was used in the west. Why? Because it showed the third party up here that was trying to go out into the middle west to get our people to organize a third party from the division coming from the west that was started in this section of the United States, and that was the strongest argument we had against the organization of the third party. If you have not seen the United States divided into that map, you would not think so much of the sectional division that might come from an economic problem. But there, it is very easy to see just exactly the alignment which I hope will never become critical in this country of



ours.

In Secretary Wallace's book he presents two maps. The first one is the map that I have just shown to you, and I have shown it large so that you could see it. The second one is on the type of the Fordney-McCumber Tariff, and you will notice that the support comes right across there, a joining of the east and west, and that the south voted against it. I am simply giving you this for information, and if you want to see those maps, get Henry C. Wallace's book on "Our Debt and Duty to the Farmer," published soon after his death.

As a Republican, and I know that this is a mixed club, as a Republican, I want the Republican Party to measure in agriculture for a little while. We have measured in protecting industry and transportation and in finance. We must restate our case for consideration. We solicit both your advice and your help. When I was going to business college I remember they had an old motto that hung up on the wall, and which ran something like that: "The ships sail east and the ships sail west, by the very same winds that blow; it is set of the sail and not the gale that determines where they go."

Finally, pioneering in farming is past. Farming for a living that provides profits in increased land values is over. There are things beyond the farmer's control that determine his destiny.

Legislative direction must guide the law of supply and demand so that he can survive. This is fundamental, if we continue in this country with diversified interests. Otherwise favored interests

will proper; wealth will concentrate; disorganization and discontent will follow. To us, the west is in a serious situation indeed. We read of motor industries paying dividends of 900 percent, or issuing stock dividends. We read of the industrially proper year of 1925. We see our banks fail and our farms depleted. To us it seems that both politically and economically this situation cannot be ignored by any section of this great United States of ours. We are for working out a mutual program. We are coming to the east, and we are coming to solicit your votes. We are going to try to convince your men that our plan is economically sound. We ask you to study this program, to see whether or not we cannot get at least a few votes from the New England section of the country, where they are interested, if you please, in the middle west as a market for your products, as a place where we pay interest on mortgage loans, as a place where we pay insurance premiums in life insurance and carry some of the burdens of the eastern businessmen, and for that reason I appreciate the opportunity of coming before this club and presenting this from the viewpoint of a mid-Westerner and tomorrow I hope, with the assistance of Governor Lowden, that we will be able to present it to a number of governors of the Mid-West in Des Moines, Iowa.

I assure you that I appreciate this privilege of appearing before you and I want to say that if I took the place of the Secretary of Agriculture, as I have been told, I think that the managers of this club cannot qualify as a drug clerk. Why? A drug clerk always has something that is just as good. I am not as good as the Secretary of Agriculture. I am just a plain country congressman from Iowa, and I bid you goodnight. (Applause)

President Howard Elliott: You see what fine men we produce out in Iowa. I am one of the managers that got him here in place of Secretary Jardine. We did not have the Secretary, but I am mighty glad we had Dickinson.

We have had two fine, upstanding men from the West, and we have got one fellow right here in New York State, lived here all his life and is devoted to agriculture. You sometimes think New York is not a big agricultural state, because other things overshadow it. But really and truly, it is a great agricultural state and the Honorable Berne A. Pyrke, Commissioner of Farms and Markets of the State of New York, will tell you something about agriculture in the east.

Third Speaker

The Honorable Berne A. Pyrke

Mr. President, ladies and gentlemen, to one who has been a sufferer of laryngitis for a week, the problem of filling this spacious auditorium looms more menacingly to the present speaker than did that great corn surplus in Iowa to that gentleman who preceded me. I do not believe that an act of Congress would cure my throat, and I am almost equally skeptical as to the effect of an act of Congress upon the corn surplus of Iowa.

I suspect that I am addressing tonight an urban audience. If my assumption is correct, then it will not be unfitting, both on account of this urban audience and because of the presence here tonight

of these distinguished pilgrims from the Middle West, a land which sometimes thinks that agriculture stops at the Mississippi River, to say a few words about New York State agriculture.

To those of you who are constantly observing the concentration of population at the foot of the Hudson River, a population that has been increasing so fast that long ago it outgrew this island home and has overflowed to the adjacent communities; to you who daily observe those multi-storied masses of concrete and steel ever stretching upward toward the sky, I think it must to you seem that agriculture is a thing remote and unimportant in the economy of the Empire State. And yet, my friends, it would not be very much of an exaggeration to say that had we no urban industry, had we no city marts of commerce, had we no banking houses, New York State could make a very respectable argument for the continuation of the dignified title of the Empire State, because of the versatility and volume of her agricultural resources. It would be a rare commonplace notion to all, to say that agriculture is one of the oldest industries of New York State. But its real antiquity, I suspect, is a secret withheld from all but a few. When Henry Hudson in 1607 steered his frail craft around the margins of this island and came to anchor on the broad bosom of the river that now bears his name, there existed in the State of New York an important and long-established agriculture. For many years before that time there were intelligent people who stretched from what is now Schenectady along the Mohawk Valley to the Genesee Flats. Those people lived in bark-covered long houses. Twenty or thirty constituted a village. Around each village for its protection was a stockade, and outside of that stockade was the communal field wherein was the grain, the corn, the squash, the beans, and the tobacco that

made up in large part the living of that people.

It is hardly necessary for me to observe that the proprietors of those estates were Indians, for such they were. They were known to the Jesuit Fathers as the Iroquois. To the Dutch and to the English who came later they were known as the Five Nations. They had come into the State of New York presumably from the west some two hundred years or more before, and they had brought with them a knowledge of agriculture. When they gave up their nomadic life no one knows but true it is that they had domesticated certain wild plants and had cultivated them for their maintenance, and that is the first great stride towards civilization. One must have a food supply, dependable and safe, in order to occupy settled habitations.

Contrary to popular belief the Indians of New York State did not turn over to their women the job of running their farms. Those Indians believed in a specialization of labor. They were divided into clans, and each clan carried on a separate avocation. The farmers were called the Bears. They belonged to the Bear clan, because the farmers dug and stored as do bears.

The Beaver clan were the hunters, were the fishermen. Their job was to secure fish for a two-fold purpose. One, to help supply the larder, and the other, interesting to note, was to supply fertilization to the soil because those Indians were observant, and they saw that by the constant cropping of a piece of land, its fertility was reduced, and they found that that fertility could be restored in some measure by the addition of fish.

A third clan was the Wolves. They were the hunters, who brought in the spoil of the chase, and after saving for their own families what was needed; they hung the balance upon a pole in the center of the village so that all might help.

Now, an interesting thing in regard to those Indians was that they had an appreciation, even in those early days, of the real value of agriculture, because the Bears stood at the head of every council, and no council could be opened or closed, legally, except by the Bears. Next to the Bears were placed the Beavers, because the Beavers had their part in the production of crops.

A little bit of historical incident, too valuable to be forgotten, is that in the darkest days of the Revolutionary War the Indians of the Five Tribes sent 400 bushels of corn by messengers to feed the starving soldiers of Washington at Valley Forge.

As the white man came, the Indians communicated to him, first to the French, then to the Dutch, and then to the English, what they knew about agriculture, and even today we have an indebtedness to those first pioneers in New York State, agriculturally. For instance, it is said that the present hill method of cultivation is an Indian heritage.

So much for the beginnings of New York State agriculture. And now a word as to its present importance. In the United States as a whole, one-third of our people live upon farms. In the State

of New York, the number of farm dwellers is one-seventh. But those men who live on those farms give a good account of their industry. New York State is 24<sup>th</sup> among the states of the United States, and yet New York State ranks seventh, a very commendable and complimentary proportion to New York State farmers. We have 2,000,000 dairy cows in the State of New York. In that respect we are outranked by only two states in the United States, Wisconsin and Minnesota, and we exceed both of those states in value of milk and cream sold in fluid form. Dairying, to be sure, is the keystone of our agricultural arch, but there are on either side supporting stones that make up a well-balanced stable agricultural structure. In hay, so important to dairying, we always lead the United States. In beets we usually are first or second. This year, on account of the partial crop failure, our rank is lower. In apples we excel the United States in quality and compete annually with the State of Washington for first place in value of products. It would be tedious to recount the different commodities. But one zone in which we excel is that of garden or truck crops. For instance, we established superiority in 1925 in the succulent cabbage and juicy onion. (Laughter) We raise some unusual crops or, at least, what would be regarded as unusual to the ordinary individual. In the central and southern part of this state, tobacco, reminiscent of the Indian farming, is still an important crop. In Madison County you can still find a few growers of hops, suggestive of pre-Volstead era. In Onondaga County, you can find an industry where teasels are produced and, I presume, it would bother most anybody in this audience to know where teasels enter in the agricultural scale. For your enlightenment, I will say to you that they are a member of the thistle family, forming an important part of the textile industry. The great merit of New York State agriculture is in its diversification. But that is made

possible by the great variety of soils and density of the consuming population.

I would like to invite your attention to the part of our state from Rochester, or of which Rochester is the center. In the zone reaching from Lake Ontario on the north, to the Pennsylvania border on the south, are raised annually, in commercial quantities, practically every fruit and vegetable of the temperate zone. I will not weary you with details, but I would like that you carry away the impression that New York State is pretty nearly a self-contained unit in the agricultural realm. The farmers of New York State could provide practically everything that is needful for the support of our great cities if the economic urge was sufficient.

Now, men who live on these farms are largely of native stock. They are industrious. They are frugal. They bring to bear a high degree of technical knowledge to agriculture, and agriculture, as I have said to you, is an old industry in this state, and the present farmers bring to bear the accumulated experience of many generations. There are not a few farms in New York State that at the present time are being tilled by the descendants of the hardy pioneers who cleared the land many generations ago.

Now, I have given you a little picture of the antiquity of New York's agriculture. I have tried to portray to you something of its importance. I will now endeavor to tell you what I know about its economic condition. The tale will not vary from what has been said to you by the preceding speakers. The farmers of New York State at the present time are engaged in marketing their fifth



successive crop on unremunerative levels. Men who are much older and wiser in agriculture of New York State tell me that those five years have constituted the most acute depression in the history of New York agriculture.

Time does not permit a thorough probing or a complete analysis of that statement. But I do wish to call your attention to two indices that will bear on the accuracy of that statement. We all know that the State of New York during the past decade has undergone a tremendous increase in population. We know that practically every city and most of the villages have grown by leaps and bounds. Is that true of the rural part of the state? If it is not true, it is an item of just concern and of considerable interest. In 1917 there were 898,000 people living on the farms of this state. In 1925, the number is estimated at 733,000, a loss of 165,000, or, stated in terms of percentage, of over 18. In every year for the past ten years, with one exception, 1922, there has been a drift of people from our farms to the cities. The reason that drift was interrupted in 1922 was that in the latter part of 1921 there was a slight recession of business in the cities, and the movement back to the country started and continued for a few months.

Now, I said that this drift of people from the rural part of New York to the cities is undoubted. Why? There isn't any question as to the explanation of this phenomenon. It is due purely and squarely to the disparity of economic opportunities. If there were a leveling of economic opportunity there would be no dearth of men to till the farms of New York State. Sentimentalists will tell you that this drift from the country is due to rural isolation and farm drudgery. Those

statements will not stand the test of analysis. Farm isolation is a thing of the past. Work on the farm is still hard, but with the help of machinery, drudgery has disappeared. It is purely a lack of economic opportunity that induces the men from the country to drift to the cities.

Now, there is another index to which I want to call attention, and that is the status of hired help upon the farms of New York State. Over a generation ago the so-called hired girl began to disappear from New York farms, and at the present time she is as extinct as the dodo. (Laughter) Ten years ago the hired man, whether because he was lonesome for the absence of the hired girl, or for some other reason – (Laughter) – I suspect it was another reason – also began to disappear. In 1916 we had on the farms of this state as hired men 77,000 individuals. In 1925 that number had shrunk to 26,000, a positive loss of 75 percent. What is the reason for that? The reason is perfectly plain to anyone familiar with the situation. It is not because there are not men who are willing to work on the farm. It is because no hired man in the State of New York at the present time under ordinary conditions, at the present level of farm products, can produce enough to earn his maintenance and his wage.

Now, the production of New York State has not fallen off, notwithstanding this decrease in farm population. That phenomenon is due to what Governor Lowden told you, that the farmers of New York, like the farmers of Illinois, are working harder themselves and they are putting harder and harder tasks on their wives and on their children. Now, this is a rather drab picture that I have drawn of farm conditions in the State of New York, and the full significance of it cannot be

realized unless you contrast it with the general economic conditions in the state as a whole. All commentators agree that 1925 was one of the best years in our national history. There is an absolute concurrence of opinion that by and large the standard of living in America in 1925, already the highest of any country in any age, was pushed to still higher levels. That would be a cause of much thanksgiving and rejoicing, if all groups had shared in that prosperity. But as I have tried to point out to you and, I hope, successfully, the farmers have not shared in that prosperity. That is a rather difficult situation. It is an unbalanced economic situation that absolutely cries out for relief.

The thing that we are losing sight of in this country is that despite our boast of the American standard of living, we are maintaining a double standard of living – one standard of living for workers in urban pursuits and another, and a lower standard of living, for the workers in agricultural pursuits.

Over 60 years ago, one of the wisest men that this country ever produced, made the statement that has rung down through history, that this country could not endure half slave and half free. If he was on this platform today I have every confidence that he would say to you that this country cannot endure and should not endure if it means to maintain a dual standard of living, one standard of living for those who produce the food and another and higher standard for those that consume the food.

Time will not permit me, under the warning which I have just received, to give you any notion of what I think would help this situation. It is one that bristles with difficulties. To maintain parity between a semi- or non-protected industry, surrounded on all sides by protected industries, is a problem that challenges the highest statesmanship. You will recall that not long ago the Commander-in-Chief of the armed and naval forces of the United States journeyed out to mid-western places to quell an uprising on the part of his own people. He met the embattled farmers on the shores of Lake Michigan. Various accounts have sifted down as to what the outcome of the engagement was. One of the most interesting comments that was made came from the pen of that celebrated thespian philosopher, Will Rogers. He said that Dr. Coolidge journeyed out to Chicago, looked the patient over, diagnosed the disease, but forgot to leave any medicine.

(Laughter)

From some stories that have been creeping out of Washington towards this state, I suspect that the skillful physician has discovered the omission himself, and there is some reason to believe that he is busy now writing out the prescription. The farmers of New York State are looking with interest and, I may say, some little trepidation, as to what.....

Transcript Ends Here