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[Draft of Proposed Farm Speech]

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Here on my desk is the first copy of the Farm Emergency

Adjustment Act, passed by the Congress and sent to the White House at _____ o'clock today. I have signed it; and now I want to talk with you in plain terms of the renewed opportunity, and the challenge, that this Act offers every citizen of the United States.

The newspapers call it the Farm Act, and that is an excellent name to begin with. When you set out to build a new structure, you must start at the foundation, and make that foundation strong. The first benefits of this Emergency Adjustment Act will flow out to the farms and renew the purchasing power of those thirty-two millions of our people who live on the land and depend on the land for a living. If, in addition, you figure in all the other people -- the country storekeepers, the garage men, carpenters, country doctors -- who have no business at all when the farmer has no money, you will see that this Act, if it can be made to work, will almost at once advance the fortune, freedom, and buying power of two Americans out of every five.

If enough people will join in the wide and swift adjustments that this Act proposes, we can make it work. I say if because this Act is not and cannot be made a hand-out measure. It provides new governmental machinery by which all who labor to grow and to bring us food and fabrics can organize, put their businesses in order, and make their way together out of a wilderness of economic desolation and waste.

The Government provides the new opportunity. The Government will help map lines of march. The Government will exercise control and see that the interest of no one group is advanced out of line with the interest of all. But Government officials cannot and will not go out and work for private businesses. A farm is a private business; so is a farmers' cooperative; and so are all the great links in the food distributing chain. Government men cannot and will not go out and plow down old trails for agriculture, or build for the distributing industries new roads out of the woods. The growers, the processors, the carriers and sellers of food must do that for themselves. Following trade agreements, openly and democratically arrived at, with the consumer at all

times represented and protected from gouging, these industries must work out their own salvation. They must put an end to cut-throat competition and wasteful disorder. The Emergency Adjustment Act makes it lawful and practical for them to get together and do so. It provides for a control of production to accord with actual need, and for an orderly distribution of essential supplies. Starting with farming, the most individualistic, and the most widely scattered of our great industries, the Act permits a program of national planning under social control.

In the end, we envision programs of planned land use; and we must turn our thought to this end immediately; for many thousands of refugees from urban pinch and hunger are turning, with little or no guidance, to the land. A tragic number of city families are reoccupying abandoned farms, farms on which born farmers, skilled, patient, and accustomed to doing with very little, were unable to make a go of it. In consequence of this back-flow there are now 32 million people on the farms of the United States, the greatest number ever recorded in our history. Some of those who have returned to farming will find their

place there, but most of them, I fear, will not. I look to a day when men and women will be able to do in the country the work that they have been accustomed to do in the city; a day when we shall have more industrial workers out in the open where there is room to live. I look to a decentralization of industry; and hope that out of this Adjustment Act will come, in time, a resettlement of America. But in this respect we shall have to make haste slowly. We do not need any more farmers out in the country now. We do need more people there with some other means of livelihood, buying, close at hand, farm products; enriching and making more various the life of our open-country and village communities.

But the job at the moment is to fight it out where we stand, and to adjust farm acreage and production to demand. If enough farmers will come in and work for control, I believe that the benefits of the Act can be extended to balance the production of many farm products other than the basic commodities named in the Act. Possibly ^{for some commodities} this can be accomplished without levying a tax. It begins to appear, moreover, that the same principle and general procedure can be made to work for a wide

variety of other trades and industries now in distress.

The idea of voluntary trade agreements is not a new one; the idea is working already, in a measure; but the degree of its success is usually imperfect, because there has been until now, speaking generally, no referee to enforce trade agreements, to send to the bench or to put out of the game, the fellows who won't play by the rules. The Farm Act provides for stronger voluntary trade agreements. No man has to come in on the thing unless he wants to; but if he does come in he is strictly obligated to abide by the agreement; and we now have the power of the Government to see that he plays by the rules and abides by the decisions of the majority in that business as to production schedules and trade practices. By putting a controlling force behind trade agreements, openly arrived at, openly administered, with all the cards on the table, this Farm Emergency Adjustment Act provides a bridge from chaos to control.

The Act comprises more than forty pages of legal document; but the essence of it can be stated simply. It has two main parts. The word "Adjustment" covers both. On the one hand, is authorization to adjust

production to effective demand -- Henry Wallace, the Secretary of Agriculture, will administer that end of it. On the other hand, is an accompanying authorization to refinance and readjust farm mortgage payments. At the outset mortgage adjustments will be administered by the Farm Loan Commissioner, but when the Farm Credit Administration begins to function in the latter part of May, with Henry Morgenthau, Jr., as Governor, he will administer both mortgage adjustment and farm credit measures. I cannot pause at this time to describe in detail the large program that Mr. Morgenthau will be empowered to forward; but in general it provides means for reducing both interest and principle on outstanding farm mortgages, and for postponing payments in case of extreme need. We are determined to lighten the undue and intolerable burden of debt which rests upon the farmlands of America; we are determined to put a stay against those forces which have driven, or now are threatening to drive, hundreds of thousands of farm families from their homes. Should occasion arise, I may again go on the air in order to discuss with you this phase of Adjustment in greater detail.

In adjusting production the first need is to plant and send to market less wheat, less cotton, less corn, fewer hogs, and less of other basic crops whereof already we have towering surpluses, with no immediate prospect of clearance beyond the sea. The Act authorizes the Secretary of Agriculture to apply excise taxes on these products, and to pay the money thus derived to farmers who agree to enter upon programs of planned production, and who abide by that agreement. These taxes will be put on gradually. Few, if any, will be levied before fall; and then we will make them as light as we can. *and yet bring about the required reduction* There are, as I have already indicated, increasing possibilities that by trade agreements we may be able on certain crops to arrive at a balanced abundance, without levying a tax on the product at any point.

What it amounts to is an advance toward higher prices all along the line. The present proposals to allot the hours and raise the wages of labor are really at one with this Farm Act. Unless we can get re-employment going, lengthen payrolls, and shorten breadlines, no effort to lift prices can long endure. Our initial effort as to agriculture will

be to adjust production downward, with safe margins to provide enough food for all. This effort we will continue until such time as diminishing stocks raise prices to a point where the farmer's buying power will be at least as high as it was in the pre-war years, 1909 to 191~~4~~⁴.

The reason that we chose that period is because the prices farmers got for their crops, in those years, and the prices they paid for manufactured goods and urban services most nearly approached, at that time, an equitable relationship. There was thus a balance between our major producing groups. At that time there was not the terrific disparity between rural and urban purchasing power which exists, and which is choking the life out of all forms of American business enterprise, today.

We do not propose to reduce agricultural production schedules to a strictly domestic basis. Our foreign trade has dwindled to a mere trickle; but we still have some foreign customers for cotton, tobacco, and certain food-stuffs; we want to keep that trade, if possible; and to get more foreign trade if we can. The immediate job, as I see it now, is to organize American agriculture to reduce its output to domestic

need, plus that amount which we can export at a profit. If within a year or so, it happens that the world tide turns, and world trade revives, we still can utilize to excellent advantage our crop adjustment and controlled distribution set-up. We can find out how much they really want over there, and at what price; and then we can take off the brakes and step on the gas a little at a time, deliberately, not recklessly and blindly, as we have in times past. We can speed up just enough to meet that demand for our products which will return a decent price.

The present sharp adjustment is necessary because we have defiantly refused to face an overwhelming reality. In consequence, changed world conditions bear down on us so heavily as to threaten our national life. In the years immediately before the war, our agriculture was tending toward a domestic basis of production. The war rushed us out upon the markets of the world. Fifty million acres of Europe, not counting Russia, went out of cultivation. Food prices rose. A new surge of pioneers strode forth upon those high and dusty plains, once called the Great American Desert, and found that they could grow wheat there. Throughout the country

god was broken. America entered the war. American farmers stepped out to serve the nation as American boys stepped up in answer to the call. Before the surge was over, we had put to the plow a vast new area. To replace the fifty million lost acres of Europe, America had added thirty million acres to its tilled domain and thrown its whole farm plant into high gear.

When the war ended, Europe needed those extra thirty million acres of ours no longer, or for only a little longer, at best. We did not realize it at the time or for many years thereafter; some of us shrink from the realization even now; but at least thirty million acres of land, scattered all over the country, became surplus acreage very rapidly. The nations of Europe kept on taking, in some part, the yield of those acres, but only, speaking generally, to the extent that we were willing to lend them money to pay us with. A wave of desperate nationalism swept the Continent. Tariffs and similar barriers were reared to prohibitive heights. Yet America went on producing for the world market just as if that market still were there. Worse than that: instead of putting fewer acres, we

have actually put more acres into crops for export. We did not do this because of sheer blindness or perversity. We were driven to these insane, increasing plantings by individual economic forces running wild. The fixed charges farmers have to pay -- taxes, freight rates, interest, -- have stayed up, or even mounted; and, as an Iowa farmer puts it, in a letter that has reached this desk, "A man has to raise twice as many hogs at 3 cents as he would have to at 6 cents in order to stay in business".

With wheat the same thing happened. Last summer the world wheat price sank to the lowest level recorded since the day of Queen Elizabeth, and the American farmer got the world price less carrying charges. Wheat went to the elevator in Montana this year for as low as 18 cents a bushel.

We are now carrying two or three times as much wheat as we normally do in trade channels, and we have in hand a cotton carryover of at least three times the normal. If not an acre of cotton were planted in America this year, the accumulated stocks on hand would supply our normal domestic need of cotton for the coming year.

When American farmers in general were sending wheat to market last summer for 30 cents a bushel or lower, the farmers of France, Germany, and Italy, were getting anywhere from \$1.50 to \$1.75 a bushel for their wheat. They were getting this price because the governments of those countries had taken measures to uphold at that level the price of wheat. England came into the thing later, and guaranteed last May to make up to her farmers the difference between the world price and \$1.30 a bushel for wheat.

In the offices of the Department of Agriculture there is a map showing our present chances of clearing our basic food surpluses abroad. Countries where barriers to trade are all but insurmountable are marked in black. Countries where such restrictions are fairly moderate are shaded, and countries which interpose no such barriers are white. The only white spot on the map of Europe is Denmark.

We may be able to get some of those barriers down. We hope at the coming world economic conference to make a start. But we certainly cannot get them down all at once. We are faced meantime with the hard fact

that we are cultivating 30,000,000 or more acres than there is need for, and the result is a terrifying and paralyzing waste.

As early as 1920 American agriculture was served notice that martial adventures must be paid for afterwards, through the nose. The agricultural deflation was well under way by 1923; half of Montana's wheat farmers had by that time lost their farms. In 1929, the agricultural deflation became a plunge. Today, agriculture is twice as much deflated as general industry; and its prices are down more than a half below the level of prices in general.

Ever since 1920 hundreds of thousands of farm families have had to do without civilized goods and services which in normal times they were glad and eager to buy. Since 1929, millions of farm people have had to patch their garments, store their cars and tractors, deprive their children of educational opportunities, and cease, as farmers, to improve their practices and their property. They have been forced to let their homes and other buildings stand bare and unpainted, eaten by time and the weather. They have been driven toward peasant, or less than peasant,

standards; they have been forced to adopt frontier methods of bare sustenance at a time when in the old surging, unlimited sense of the word, we have no longer a frontier.

To reorganize agriculture, co-operatively, democratically, so that the surplus lands on which men and women now are toiling, wasting their time, wearing out their lives, to no good end, shall be taken out of production -- that is a tremendous task. The adjustment we seek calls first of all for a mental adjustment, a willing reversal, of driving, pioneer opportunism and ungoverned laissez-faire. The expansionist spirit, the ungoverned push of rugged individualism, had, perhaps, an economic justification in the days when we had all the West to surge upon and conquer; but this country has filled up now, and grown up. There are no more Indians to fight. No more land worth taking, may be had for the grabbing. We must experience a change of mind and heart.

The frontiers that challenge us now are of the mind and spirit. We must blaze new trails in scientific accomplishment, in the peaceful arts and industries. Above all, we must blaze new trails in the direction

of a controlled economy, common-sense, and social decency.

One of our men in the Department of Agriculture had occasion recently to go to a great lakeshore city. Down by the railyards, at the lakeshore, he saw towering grain elevators, rising above the slums, jammed with wheat. Millions of bushels of grain were in those elevators, stored, useless; and in the very shadow of those gigantic elevators, my friend saw crouched, ragged men and women picking through lunch-room garbage cans for something to eat. A comparable situation, less dramatic, perhaps, but no less devastating, exists throughout America. It is madness to say that if we continue to let things drift everything will come out all right. America, in the years since the war, has become a land of limited opportunity. All nations become so, if they live long enough. Limited, I mean, in respect to possibilities of headlong and heedless competitions, each man for himself. We begin to see now that if we try to keep on with that system, or rather that lack of system, letting the devil take the hindmost, we all drift toward the status of the hindmost, and the devil takes all.

The Act gives us broad elastic powers to attack in a business like way existing surpluses, and surpluses as yet unborn. We shall launch at once an effort to control future surpluses by the one sound method -- not planting them. In administering this Act we are determined to give it a maximum chance to succeed. We shall not give way to the clamor of jobhunters. The Act will be administered as largely as possible under the Civil Service rules, bringing into this new structure certified competency, and bringing it in speedily.

A great many people feel that it is in some way especially sinful to cut down on food production. Why should this be? What possible good is food that no one can afford, at the price offered, to ship to market? There has been a peculiar inconsistency in our general thinking on this problem. More than once, industrialists have stated with evident fervor that farmers should grow more food, rather than less; and at the very time they announced this sentiment, their own industrial plants were operating at three-quarter, or half capacity, or less. My view is, that farmers have

just as much right to organize to control their production as anyone else. Adjusting output to demand benefits both the farmer and the public. It is just as right for the farmer to adjust output to demand as it is for Ford Motors and for the States Steel Corporation to do so.

When the price of shoes, for instance, falls to a point where you can't hire men and pay them a living wage to make more shoes at that figure, what does the business man do? He closes down part of the plant; he stops making too many shoes; he doesn't keep on turning out shoes by the hundreds of thousands to burn or to throw away. To do so would be economic folly, sinful waste — a waste of money, a waste of time, a waste of human lives. Yet this thing of manufacturing a product haphazardly, in vast excess, and trying to get rid of it afterwards, has necessarily been the governing policy of agriculture, our greatest business, until now.

Agriculture is a business. It has had to become so. In the old days it was a sort of escape from business. If a man did not like getting to the office on time in the morning and saying "Sir" to the boss, he could take his foot in his hand and strike out over the mountains

westward, and take out land. That land was his. He was king of that little kingdom. Maybe in order to make a living, he had to get up at four in the morning and milk by lantern light. Later, as often as his notes fell due, he had to acknowledge that he was a member of an interdependent society by going to the banker with his hat in his hand. But the price of land was rising. A farmer could lose money on paper until he was sixty and still retire with enough to live on for the rest of his life.

Those days have gone. It is necessary now for the farmer to have money from day to day. If he is to stay civilized he will become more and more dependent on the bank and the store. He has lost title to that role in the social structure which his pioneer forbears so proudly claimed. He is no longer the only "producer". The son who left home and went to work in a plow factory and his son who works in a tractor factory have become quite as truly basic producers of food-stuffs as any member of that family who is still on the farm. The farm arts and crafts have scattered. Many producers live in town. Wheat in the field

or fruit on the tree or pigs in the pen are really not, in any practical sense, produced. They are potential food. Food, as we know only too well today, is not in any actual sense produced until it is there before you on the plate.

The producer is not only, then, the man who planted the seed and tilled the crop and harvested it; it is also the man who made, and the man who drove, the truck which takes that food to the rail-head; it is the man who drives the engine, the man who throws switches, the signal man in his tower, the yard boss at the end of the line. All the people who work for the processors are producers of food, and so are all the people who work for wholesalers, jobbers, and retailers. So it goes, all along the line. These services are indispensable to civilization. All so engaged are part of a vast army performing necessary civilized functions in the production of food.

I mention this because it has a very close bearing upon the main criticism which has been leveled at the intent and purposes of this Act. I have gone through a great many figures lately and I can assure

you honestly that the excise taxes to be imposed upon certain processors -- that is to say the miller, the cotton spinner, the packer -- will make up only a very small portion in the cost of producing food. If all the intended tax on wheat, for instance, were to be passed on to the consumer it would by the closest estimates, add only about a ^{cent or a cent} half to the price of bread. As to cotton, as nearly as we can figure, the tax, if passed on entirely to the consumer, would add about 5 cents to the cost of a dollar or dollar and a half work shirt.

Even that tax we would prefer to avoid in times like these. But let me remind you that the 44 per cent of our population which I have spoken of as rural, are themselves consumers, and will help to pay this tax. Let me remind you also that under the Act food for relief purposes is tax exempt. And especially let me say to you this:

When the rental or benefit fee goes out to the farmer who is willing to co-operate and reduce his planting, that farmer will start spending. He will have to. He needs things. He needs new shoes and clothing for all the family, so that his children can go to school in any

weather with dry feet, protected bodies, and a decent American feeling of equality and pride. He needs paint and roofing, fencing, machinery, and so on, endlessly. Not only that: he may, if he joins in the march and works to make this Act effective, have money enough to take a little time off occasionally and enjoy life. He can take the family on an auto tour, in the off season, or drive them in to the movies now and then. And his wife will be able, perhaps, to buy a washing machine; and to stop making that old hat over; and to run into town on Saturday afternoon, and shop around.

I have tried to make it plain that this is not simply a farm relief measure. It is a bold and sweeping approach to national relief -- relief from glut, waste, inefficiency, from an interior economic disorder, and from international enmity and fear.

Every other farm relief plan that has been tried has piled world surpluses higher, has reared trade barriers higher, and has led, by dumping and retaliatory measures, to a higher degree of tension, irritation, and danger. This Act attempts precisely the opposite. To the extent that we

are able to reduce our own surpluses we shall also reduce the existing surplus stocks of the world. This should provide relief from international tension and ill-will.

In other important respects this Farm Act differs from the part-way attacks on the problem that have been launched in the past. This Act provides for controlled production. Without that, no price-lifting effort can possibly work; because if there is no control of acreage, the better prices increase the next year's planting, and the greater harvest wrecks the price. This Act provides an inducement for farmers to cooperate, and pays that extra money only to farmers who agree to cooperate, and who stick loyally to that agreement. The man who tries to stay outside and ride on a free ticket, getting the benefit without abiding by the restrictions, does not get any benefit, under this Act.

There have been delays in the passage of this Act, but now that we have it, we shall work with all possible speed. ~~Already we are surveying existing plantings, farm by farm.~~ Already we have called to Washington representatives of agriculture, representatives of the processing and

distributing trades, and representatives of the consumer. These men and women will sit in commodity councils and advise the Secretary of Agriculture which of the several plans of attack the Act permits should be applied to different crops and regions. They will recommend when or if a tax is to be imposed on the processing of a given commodity and, if imposed, how much that tax should be. They will advise how much rental and acreage reduction benefit can be paid to various farmers in various regions who agree to cooperate in the adjustment program. As soon as we have this information we shall get it out directly and publicly to the farmers affected, and launch organization efforts throughout the nation.

Meantime, let me say this as bluntly as possible to you farmers who are listening: ~~Any farmer who plants any more of any basic crop this year than he planted last year is throwing labor and seed away.~~ No benefits will be paid this year to farmers who increase production. Benefits will, for the most part be paid only to those farmers who reduce their plantings ~~below the level of the previous year.~~ *their accustomed*

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As I indicated at Topeka last September, the right sort of farm and national relief should encourage and strengthen farmer cooperation. I believe we have in this new law, here before me, the right sort of stimulus to that end.

I want to say, finally, that unless as we lift farm prices, we also unite to control production, this plan will not work for long. And the only way we can effectively control production for the long pull is for you farmers to organize, and stick, and do it yourselves. This Act offers you promise of a balanced abundance, a shared prosperity, and a richer life. It will work, if you will make it yours, and make it work. I hope that you will come to feel in time, as I do now, that the rampageous individualist who signs up for Adjustment, and then tries to cheat, is cheating not only the Government, but his neighbors. I hope that you will begin to see that the man who slips out and slaps in another ten, twenty or thirty acres 'way back from the road somewhere,' is an enemy to orderly progress. I hope that you will come to see in this Act, as I do now, a Declaration of Inter-Dependence; a recognition of our essential unity,

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and our absolute reliance one upon another. Stand with your neighbor,
shoulder to shoulder; and be ready to join the march.
