

adequate health standards. Whether the nation's diet is restricted or liberal depends to a large extent on its purchasing power. The average family must have an income twice that of 1929 to enable it to buy the liberal diet which would absorb the product of land now in farms.

If city consumers could buy a liberal diet the immediate adjustment programs would take on an entirely different character. Instead of having forty million or fifty million acres producing surpluses, as in the last few years, we probably would require all these acres and more—not because human stomachs would expand with buying power, but because items in the more liberal diet are generally more costly in terms of land required to produce them.

Such a diet would result in some changes in the map of agricultural production, for it would alter considerably the proportions of various farm commodities that make up our menu. We would consume less cereals and more livestock products than we are accustomed to eating. We would consume less wheat than at present. We would eat more fruits, vegetables and dairy products. The production of truck crops, fruits and dairy products would have to be doubled or trebled to meet the ideal diet. An industrial revival with full employment and substantial increases in the income of low-income groups would be required to supply the needed purchasing power to support such a diet. And, in addition, the people would have to understand much better than they now do the nutritional values of balanced diets.

[*New York Herald Tribune, December 30, 1934.*]

IV: 1935

THIS was rather a light year for Secretary Wallace. He put forth twenty-four speeches or articles, but wrote or compiled no books. The drought relented, except in spots. Partly in consequence of short crops the year before, prices paid farmers were somewhat better, and on the whole farmers were happier. Aply backed by M. L. Wilson, his Assistant Secretary and later his Under-Secretary, Wallace advanced, within the Department and without, the concept that only by contributing fundamentally to the general welfare could Agricultural Adjustment be maintained on public funds. "Triple-A has got to get more honest groundline conservation for its money," he stated bluntly in De-

partment conferences, "or Triple-A will go down the drain." He urged also the development of Adjustment in terms of human conservation: nutrition. Wilson, who now is Director of Agricultural Extension, talked about this period of development in a recent interview-memoir (*The Land*; Spring, 1943):

In 1934, Henry put me on a commission to Cuba. We teamed off, we members of the commission. It was a study of land management and the human consequences. I visited plantations with a man from the Harvard School of Public Health, Dr. Wilson Smiley. He pointed out things. He talked a lot about the problems of our South particularly. He convinced me. He said: "You're an economist. You don't start in the right place—diet." He said that he could go to almost any part of the South; and if it were possible to put the people there in a pen and feed them right, why, in six months they would be new people. He said that a lot of people were nutritionally sick, and if economic recovery isn't underwritten with the proper diet it will never amount to much.

The Secretary and I, in '35 and '36, along in there, we talked a great deal about nutrition. We could see that in nutrition we had something of great interest, and something unifying, binding together all interests in agriculture, and outside agriculture. It could be the central thing in a new agricultural policy; and a policy in reference to low-income people.

The first section of this chapter brings together a number of Wallace's talks on soil conservation and real land values throughout 1934. The second section, similarly compiled, treats with changes in the world situation. The third section, prepared from a stenographic transcript, reports Wallace talking shop in an economic seminar; and in the fourth and final section of this chapter he makes a speech that he hoped would end all speeches on the pitiful death of the little pigs.

WITH ALL THIS LAND TO MEND

The Land Policy Report of the National Resources Board stands apart from the common run of reports. When we consider that erosion has already vitally impaired 35 million acres of farmland, that the topsoil has been nearly or wholly removed from another 125 million acres, and that another 100 million acres are starting in that direction, even in the best farming areas in the country—when we consider these facts, we must agree to the necessity of both rescue and preventive work. Because most of this land is in private ownership, the program can proceed only with the understanding and active co-operation of the owners. The government has already made a start in this direction.

Aside from the recommendations governing erosion, and one or two others, the problem of wise land use on individual farms in most areas still rests with the owners and operators of those farms. I hope that the Agricultural Adjustment Administration will be able to contribute something toward helping farmers solve the problem in the next year or two.

[January 11, 1935.]

* * *

SICK AT HEART

To see rich land eaten away by erosion, to stand by as continual cultivation on sloping fields wears away the best soil, is enough to make a good farmer sick at heart. My grandfather, watching this process years ago, used to speak of the voiceless land. In our time we have seen the process reach an acute stage, and we have at last begun to take to heart the meaning of soil exploitation.

Reluctantly we must admit that what we have to correct is one of the bitter fruits of unrestricted economic individualism. I suppose that the Chinese are the greatest individualists on earth. They cut their forests, silted up their streams, and destroyed millions of acres of their land by erosion gullies. Thus they became increasingly subject to flood and drought. Their soil, exposed without cover to high winds, blew around in raging dust storms. This individualistic treatment of the land has exposed the Chinese again and again to famine.

We in the United States during the past mere one hundred fifty years have handled our land in a way that indicates even more destructive possibilities. Over large areas we are even worse than the Chinese, because we have made no real effort to restore to the soil the fertility which has been removed.

[June 7, 1935.]

LAND SPECULATION

Most farmers today look forward to an economic situation vastly improved over that of recent years. The black hole of depression is becoming a distant memory. Their talk shakes off fear and despair. They speak hopefully of rising prices, fatter incomes, higher land values. It may not be long before the more imaginative, following the lead of some financial writer, will be talking about the New Era.

This can be a very exciting process. Indeed, it was a very exciting experience for city people in 1928 and 1929. It was likewise an exciting experience for farmers in 1919 and 1920. During either of those periods

anyone who questioned the durability of the excitement was a gloomy fellow and a killjoy, lacking in imagination and confidence. But events proved to be on the side of the killjoys.

Inasmuch as we are still paying the bill for those two wild sprees, there can be little conscious intention to play the same old game again.

Sometimes I think land speculation is a plague more terrible than drought or insect pests, and almost as bad as war itself. With it go high taxes, thoughts of moving to California, and delusions of grandeur. It has been sixteen years since the last land disaster hit us, and only now are we beginning to recover. Doubtless farmland will be and should be somewhat higher in price than it is today. But if anything in the nature of a land boom comes, the men on the land will be the ones ultimately to suffer. Unusually high land values never did help real farmers.

During those days between 1910 and 1920 talk of rising land values filled our farm papers. Looking back on that period, we find it easy to say that farmers should have known better than to expect dollar corn and comparable land values the rest of their lives. The majority of mature farmers in 1920, however, had been schooled by the men who had bought farms in the 1890's, and who had seen only rising values since then. They had no experience to make them realize that the wartime rise in land values was as impermanent as the wartime rise in the demand for farm products. It seemed to them then, as it seemed to their city brethren in 1929, the dawn of a New Era. They felt that a time had come when farmers would always be more prosperous than they had been, that there was only so much good land in the world and that if they did not come into ownership of it right then and there, they would never have another opportunity. Many a young couple harnessed their ambition to a mortgage, and lived to regret it.

As the people who lived through that experience pass on, there will be greater danger of this happening again. It is most important for us to give the present young generation of farmers a basis for sounder judgment, and perhaps prevent or control those rather natural forces of human greed which lead us so seriously astray.

What form should this safeguard take? Should it be a direct limitation on the advance in land values, or some kind of indirect control? Possibly farm people should think about the desirability of an indirect measure such as a special amendment to the income-tax laws in order to put into the Federal Treasury virtually all profits from land bought between 1930 and 1936, say, or sold between 1936 and 1945. So far as I know, no one has thought through a proposal of this sort carefully, but I should like to see it and other suggestions discussed. Other suggestions, I am sure, will

occur as we turn our attention to this major problem. Certainly it is high time farmers were beginning to guard themselves against the delusions which so rapidly come when farmland starts booming.

The farmers of the United States have displayed the most remarkable fortitude during the cloudy days from 1920 to 1930, and during the days of terrible disaster from 1930 to 1933. But now they have a greater trial before them, the trial of handling a moderate improvement in such a way that it doesn't later on lead to another spell of destruction.

[*November 1, 1935.*]

ON THE MOVE

The world is definitely on the move. The young people know it. Some older people think that the good old world is going to come back to them again (I wish it were), the kind of world so many of us used to be happy in before the World War. But what is the use of deceiving ourselves? It really isn't coming back. It can't come back.

[*March 11, 1935.*]

* * *

We now have a situation startlingly like that under the Articles of Confederation. That early struggle for political democracy is paralleled today by an equally desperate struggle for economic democracy.

The contending groups of colonial days wanted governmental rights, but no obligations. Each group wanted governmental powers which would permit it to grab the lion's share of the total available income. They fought against a central government because they wanted to erect state tariffs, state currency systems, and to have the right to conduct their negotiations with foreign nations as regions rather than as one nation.

Yet I ask you to remember that against these potent dividing forces, certain unifying forces and unifying personalities did prevail. It was hard, grubbing work, day after day and year after year. It demanded not only a profound belief in the virtues of democracy, but also the ability to devise mechanisms capable of translating that belief into action.

Whatever our bill of particulars may be for the democracy of tomorrow, it will differ in some respects from the bill of particulars for the democracy of yesterday or of the day before yesterday. It is increasingly plain that the democracy of tomorrow must create a government capable of taking a fairly long view. There will be no room in such a government for the

spoils system or for the locality rule. There has to be definite, workable machinery to take the place of sectionalism, slowness, and impotence. It will have to be relatively simple to refer the most vital economic questions direct to the people for a well-matured yet sufficiently prompt decision based on adequate information, and the machinery for this will have to be so devised that the mandate of the people will come back clear and plain and compelling.

But this machinery will not run for long without the motive power of some unifying force. If we do not wish imperialism, or war, or communism, or fascism, or inflation, what is left? What I have to suggest must be put tentatively, more as a question than a ringing declaration of purpose. The old efforts to attain unity failed to provide anything enduring, it seems to me, because they were based on greed and prejudice and fear and hatred, on the hope of banding together to resist, grab or conquer. The question I would raise is whether a new unity can be built which is based on the principles of economic balance and an advancing culture. Is it possible to hope for an educated democracy, capable of making the necessary key economic decisions in a spirit which does not have its origins in hatred or greed or prejudice?

I mean to suggest no catchy slogans here, no sure appeal to the selfish instincts of men. What I have in mind is a living, undogmatic idealism which is always measuring the changing realities of the day and being reoriented by them. Any objective must of course include the material. There must be very concrete plans for the remaking of our physical plant, the utilization and conservation of our physical resources to the common advantage. But this is no final objective, else it is indistinguishable from communism or fascism. Unless there is beyond this a stubborn belief in the possibilities of the human spirit, the thing will fail.

To paraphrase the words of the late Justice Holmes, we must lay our course by a star which we have never seen, dig by the divining rod for springs which we may never reach. Democracy, as we should know by now, is not an easy form of government to maintain. The founding fathers suffered agonies in establishing this democracy of ours. We must be prepared to endure tribulations in our time if we hope to maintain it. But success will be worth whatever it costs.

When you dig deeply into any problem you find that there is nothing which concerns any single individual, or any single township, or city, or state, which does not become tied up quite rapidly with the entire nation and with the world.

I am not preaching internationalism when I say that, because I believe in the utmost development of each individual and each region and each

nation. But always it has to take place within the bounds of the great, encircling whole, and if that can be developed as a philosophy in the minds of the warring individuals and classes and groups and regions and nations, the time will come when a sense of fairness will be a part of second nature.

[*March 16, 1935.*]

AN EVER-NORMAL GRANARY

Now that the foreign market has been so largely destroyed by the rampant nationalists, the farmer has an obligation to give more and more thought to producing for the needs of the people of the United States and less to producing for the outside world. Now that the foreign consumer has been destroyed by our tariff policy, the American consumer must bulk larger in the consciousness of the American farmer.

It was for this reason, in the spring of 1934, before the drought of that year had become the worst in our history, that I came out with the idea of the ever-normal granary. It is a practical idea. It will help to meet our present-day American situation. It will permit farmers, with the help of the government, to apply the surpluses of fat years to the shortages of lean years. But unlike the Farm Board plan, it would include effective production control whenever necessary. I had begun to study this plan years before becoming Secretary of Agriculture. I was only too happy to utilize the first practical moment to put it before the American people.

Certainly the farmers of the United States should learn something both from the Farm Board and from the experience of Joseph. But in so learning they must protect the consumer. The American farmer owes a sacred duty to the American government and the American consumer to see that the consumer is adequately fed no matter how severe the drought. And there is the reciprocal duty of the consumer and the government to the farmer. No matter how favorable the weather may be, the government must see that the surplus is so handled that the farmer is not ruined by ever-declining prices.

[*May 16, 1935.*]

As an extemporaneous speaker Wallace is generally at his happiest before informal groups of fellow workers in the fields of science and public administration. Before dinner groups such as these, faced with matters no more urgent than to talk shop and enjoy it, he displays as a toastmaster generally unsuspected gifts, with a gentle sense of mischievous skepticism and a variety of professional urbanity entirely his own. Sometimes in a conference or seminar he will initiate the discussion in a like manner and edge it into deeper waters

toward serious conclusions. He inclines on such occasions to carry his load of learning lightly, even mockingly. Instead of exhorting he quietly applies the goad.

Transcripts of his discourse on such occasions are hard to come by; only a few have been made. On a trip west in October of 1936 he paused for an evening at his home college, the Iowa State College at Ames; and certain of his colleagues among the Land Grant College economists asked him to conduct a seminar, with no reporters present, but with a good stenographer in the back row.

SEMINAR IN ECONOMICS

From the memorandum here before me I see that I am supposed to talk on some fundamental economic concepts. Inasmuch as I have not had time to clarify my own mind sufficiently on these concepts, I think I shall steal up on them in a rather roundabout way, and perhaps it will be just as interesting for you.

It is always interesting to inquire, I think, how we got the way we are. It is interesting to inquire just how economists get that way. And perhaps I might illuminate the subject in as painless a way as possible if, by way of introduction, I would go over a few of my experiences with economics.

My first introduction to economics came by way of Professor B. H. Hibbard. I remember being asked in 1910, at the close of my college course, who had influenced me most, and I said Professor Hibbard. Later, of course, we came to disagree violently about the McNary-Haugen Bill and some other things; but I still think that Professor Hibbard is a very good teacher.

My first vivid impression with regard to economics came with the high hog prices in 1910. One of the animal-husbandry men suggested that there be held a seminar with regard to the high hog prices, and several seminars were held. I remember that Professor Hibbard suggested that the increased production of gold probably had something to do with the price level in the world, and that the high world price level in turn influenced hog prices. The animal-husbandry men told of a shortage of hogs due to cholera.

Another thing that happened in 1910 was that I attended the Graduate School at Ames, and met Professor W. J. Spillman and Professor George Warren of Cornell. These two young men were full of an almost Messianic complex about the farm-management approach. Previously we had been taught by what might be termed the Aristotelian method. You were

to look into your own mind for a notion as to what was good farm management, and correct it by your boyhood memories. But Spillman and Warren thought that one should go out on the farm and get firsthand knowledge. They spoke with a great deal of vigor. Interestingly enough, Dr. Spillman is the philosophic father—insofar as it may be said to have a philosophic father—of the Agricultural Adjustment Act, and Warren is quite strongly opposed to it.

I found myself on a farm paper a year or two later writing about how splendid it was to raise hogs and what fine returns they brought to farmers. When I first wrote I had not noticed that hogs were down to six dollars a hundredweight. When the low prices came to my attention, I determined to discover just what it was that made hog prices.

I got to studying corn prices, and corn supply as well. I didn't know any method of discovering just how to measure the contribution of five or six different causative factors relative to one particular dependent factor.

I didn't know much about calculus. Eventually I ran across Henry L. Moore's *Economic Cycles, Their Laws and Cause*. I took that over to a professor of mathematics and he showed me how Professor Moore had derived his curves. So I adopted as my motto the phrase found on the fly-leaf of Thompson's volume on calculus, "What one fool can do, another can." So I learned how to calculate correlation coefficients and came to have a very great respect for quantitative methods of economic analysis. For a time I thought all economists dealt too much with economic theory. Professor Pearson of Cornell happened to be out in Illinois, and we got close together in 1919. He had the same opinions as I about the superiority of facts over abstract reasoning. I think we egged each other on, and we compiled and analyzed a great quantity of statistics.

A little later I became very impatient with the school at Ames because it did not have a sufficiently strong statistical course. Professor Sarle and I spent some Saturdays going up to Ames, trying to enlighten their darkness. I am not at all sure but what it was the blind leading the blind. The only time I ever taught school was for ten Saturdays at Ames. My only students were the graduate students and professors. I was called a very bad teacher because I assumed too much knowledge on the part of the professors. At that time I really was thoroughly sold on the correlation method of analysis and assumed that everyone else should be.

I am mentioning these things merely because—well, probably for the same reason that Saint Paul used to tell the Jews how good a Jew he had been at one time. I merely want to say that I once believed in statistics. I do not know but what it is just as well for one to go through the experience. In like manner it is no doubt a good thing for every college student

to become a Socialist at one time or another. It is possibly a good thing for every economist to become a statistician. But I hope that he does not impute to statistics mystical values.

On the other hand, I do not know how one can endure working with statistics without believing them to have mystical value. I really do not know just what ought to be done about it. Perhaps those of you who naturally have a taste for figures will work with statistics, and the others will give them the go-by and will be just as well off.

When I felt the shadow of the World War coming on, I started attending meetings of the American Economic Association, the annual meetings held at Christmas time, and became quite fascinated. A certain learned gentleman would rise to his feet and engage in discussion. I thought it was something very delightful indeed. I imputed mystical values to that too, to which the discussion was not entitled. It was all very strange to me at that time.

One more thing. In 1913 I ran across Veblen's theory of the leisure class. I met him in 1918 and discovered that he too had been through a phase of the sort that I have described for myself, and that in 1891 he had prepared a study on wheat prices. I looked it up and found out for sure he had; but on reading Veblen's books I became convinced that the analyses of both the statisticians and the classical economists were rather beside the point. I still think Veblen one of the most stimulating of the economists, provided you can penetrate the protective coloration of his style. It is like Harding's style, which someone described as resembling an elephant wallowing in molasses, a very heavy, turgid style indeed. I think Isador Lubin over at the Labor Department said that Veblen's style was for purposes of protective coloration, so that he would not get fired too often. Yet at the heart, Veblen's message seems to me to be decidedly worthwhile, and an excellent antidote if one tends to take the classical analysts too seriously.

It seems to me that the classical economists reason too nearly in a vacuum. They seem to assume no direction coming from any source. Veblen assumes that there are certain forces moving darkly in the background of the market place. And I think anyone who spends any time in Washington, in times like these at least, is sure that there are certain forces in the background of the market place.

Suppose I sum up my attitude concerning economics as it exists by saying that, in my opinion, economics is for the most part just pure machinery. Now, that is not doing economists a justice. It is doing them an injustice. I have found again and again that most of the economists I have known in Washington are truly extraordinary individuals, with a

practical and developed sense of balance between classes which enables them to work out the practical solution of a given problem in a truly remarkable fashion. They would not be able to discern as accurately the justice of a particular situation if they had not been trained so carefully; first, by the careful logic of classical analysis, and, second, by the punishment of continual reference to detailed figures which are necessary in statistical analysis.

Those two approaches which supplement each other admirably, provided they are applied by a man with ordinarily well-balanced brain, bring to pass an individual who is powerfully equipped to be of extraordinary service in Washington. Compared with some of the men in the Department, I have at times found myself a neophyte indeed, being pushed in a particular direction by pressure given me by men supplied with certain statistical data, and saved just in time by one or the other of these economists, concerning whom I am on the point of indicating shortcomings. Before I do that, however, I wish to express to these economists an unusual and deep sense of gratitude, and I am sure that administrative officials in the Department generally and in the Triple-A particularly will agree with me.

It seems to me that economics of necessity must serve some deeper end in human life; and as we endeavor along this line, we will discover that the economic mechanism with which we are now equipped is a mechanism that is rather imperfect with respect to serving the true ends of human life. The economic mechanism which we now have has of necessity been built up out of ideas which we, in the United States especially, have had and that the capitalist economy has had during the past fifty years—or we might say 300 years, for that matter.

Going back 300 years, we can trace it in some measure to the Protestant Reformation which let loose forces of individualism in a way which was rather new in this world. The religious world was the focus of important decisions back in the 1300's and 1400's, and when the point was made that you did not need to go through the priestly hierarchy but were able to go to God direct—when that attitude began to influence millions of people, then individualistic forces were let loose which were very quickly appropriated by the incipient capitalistic enterprise, and capitalism was launched "in a big way." That was reinforced promptly by the discovery of America; and the very heart and soul of that approach was exemplified in American surroundings because the very soul of Protestantism could express itself best under pioneer conditions. There is the discipline of daily life, of rising at a certain time. Seven-eighths of the people still rise at a certain hour; and half of them still get up at the same time on

Sunday because they have the habit, though the Protestant tradition seems to be fading into the background as regards Sunday rising. But the Protestant discipline, the regimentation of the individual life according to the individual's soul, the discipline of saving, of thrift and frugality, resulted in the accumulation of capital supplies; and then of course you come along to the early part of the nineteenth century and have the Darwinian doctrine of evolution and Herbert Spencer's doctrine of the survival of the fittest, which was slightly different. And then in the economic world you have the whole *laissez-faire* doctrine, the Manchester school; and you have all these ideas being developed by various professors and filtered down to the graduates, and continually being worshiped by businessmen; and many of the economic graduates of the colleges becoming the hired men of big business and getting thereby the best salaries—some of them preparing monthly economic letters; and then individual Protestants, now seeking to enrich themselves as rapidly as possible through the stock market, reading these letters with avidity and finding on every occasion their disappointments hooked up with governmental action.

We found then, as in the decade of the twenties, something completely just in the whole setup of classical economics as promulgated by the high priests of that decade. Now that faith is in a considerable measure destroyed. I say "considerable measure," but it is still held by a great many economists, maybe half. Perhaps most economists still hold to it, also businessmen. If you want to work for the New York bankers, continue to perfect yourself in the doctrine of the decade of the twenties. Make yourselves high-priced valuable commodities. I am not altogether sure that these gentlemen who lurk darkly in the background of the market place in the long run will count so much after all. As a matter of fact, I am not really so sure they counted so much in the decade of the twenties.

This is not to say that the law of supply and demand is untrue. Of course it is very definitely true. I am one of the strongest worshipers of the law of supply and demand that there is anywhere. It works like the law of gravitation. But like the law of gravitation its action can be delayed by certain forces.

I think we are coming—by fits and starts of course—to a time when there is to be infinitely more co-operation than we had in the past, when the law of the jungle does not prevail to the same extent as it did in 1929. I think the New Deal faintly foreshadows certain ultimates in that direction.

As to what the economic laws are for a co-operative commonwealth as distinct from a competitive commonwealth, none of us knows so very well. In the competitive commonwealth where you have prices freely

moving, in response to supply and demand, day after day in the market place, you could in the old days, by studying the price array, make yourself into a pretty fair price analyst and price prognosticator, unless something unusual came in to upset the situation.

Therefore in the old days training of this sort was peculiarly useful; but if we are going to come into a co-operative situation, the function of planning plays a more important part. You begin to think more in terms of synthesis.

M. L. Wilson, the Assistant Secretary, in March of this year, (1935), started the Land Grant College people to making a physical survey, in each of the forty-eight states, as to how they would have their acreages in the different crops changed from the standpoint of bringing to pass the greatest conservation of soil fertility and also the best farm management, leaving out altogether the question of price.

The work was started last spring. In August and September we held four regional conferences to assemble the data, first by regions and then by the country as a whole. In our various contacts with the college people, we learned that they found it easy to think in terms of analysis but they did not function at all well in terms of synthesis. They had no practice. There has been little opportunity for planners in this country. There is, generally speaking, no such thing as planning economists.

In the physical world we find planners. People have had experience in city planning. But even where planning is accepted, there the synthetic approach is very rarely to be found. In economics it is scarcely to be found at all.

If it were to be found, how could you account for that most extraordinary tragedy of the United States moving so slowly after the World War to act as a creditor nation must act. A few men saw in 1920 what it meant for us to be a creditor nation, but most of the economists placed no emphasis on this all-important fact. I wish I knew the inside working of the State Department, to know whether or not the State Department saw the perils of our change from a debtor to a creditor nation. Did the State Department bring to the attention of the presidents of that day the necessity of adjusting our tariff schedules to the fact that we were a creditor nation?

You would feel that economists would have had a sense of duty that would have made them hammer away at the fact until the situation had been taken care of. But economists are not synthesists. Their greatest joy comes in getting into a cat-and-dog fight. At the economic meetings a certain learned gentleman gives a paper and the next gentleman makes it a point of honor to disagree. There is no constructive solution. They seem to feel that it is a kind of chess game. That may be all right as far as the

rank and file of economists are concerned, but it does seem that economists associated with the government should be all the time thinking of what is the constructive outcome for the nation. And I would trust that before this series of meetings is over, you would have some kind of committee which would submit for you something in the nature of a constructive plan—one hypothesis that the Liberty League would approve of; another hypothesis that would delight the hearts of economists; another hypothesis for the New Dealers; another for the Jeffersonian Democrats; and so on. They would have some things in common.

Now I would say in conclusion this: that I am convinced that behind economics, behind the economic machinery, there are certain truths in the field of philosophy—and behind philosophy, in the field of religion—which have to do with the direction of the activities of man; and that these are more important at this stage of the game than economics itself. Unfortunately, because of their nature, it is impossible to evolve a body of facts which can be subjected to critical analysis in this particular field. We are such children in the field of philosophy and religion and so uneasy when in it! But it is in this field that ultimate directions lie. Without unity of purpose about ultimate directions, the economic machinery cannot be properly oriented. That would be the subject for a further talk. While I could have arrived at this point earlier, my own mind is in such a nebulous state about it that I rather deliberately left it until this moment.

To talk in terms of philosophy and religion might make many of you rather impatient. The religious field at certain times has been of real concern and interest, but it is not now of genuine interest to one person in a thousand. Under many circumstances we hate to use the word "religion" because it has been so misused. By "religion" I do not refer necessarily to the church. Businessmen have a religion, something they give their whole hearts to. It seems to me there must be again a profound interest in the very largest significances, to which must be referred the economic machinery. I have not thought through that situation carefully, but I just feel that economics by itself, without orientation, is mere machinery. By using economic machinery skillfully you can go in this direction and in that, but when it comes to determining directions, you get into the field of philosophy and religion. Unfortunately, the most intelligent young men felt that they were satisfying their ego best by getting away from these fields into the world of business. Because very little prestige is given to philosophy and religion, there has not been a sufficiently critical analysis of these fields. Most of us are neophytes in these lines. I know I am. I feel, however, that in some manner we must have a much more powerful sense of direction.

PIGS AND PIG IRON

People are still interested in the six million pigs that were killed in September of 1933. In letters I have received following these radio talks, the pigs are mentioned more often than any one thing except potatoes. One letter says:

"It just makes me sick all over when I think how the government has killed millions and millions of little pigs, and how that has raised pork prices until today we poor people cannot even look at a piece of bacon."

It is common belief that pork is high today because the little pigs were killed in 1933. As a matter of fact, there is more pork now and the price is lower because these pigs were killed two years ago. Let me tell the story:

For eighteen months before August, 1933, farmers had been selling hogs for an average of \$3.42 a hundredweight. Such a price was ruinous to farmers. The average hog grower suffered from low hog prices during this period one thousand times more than the average consumer has suffered from high hog prices during the past few months. Hog prices in August of 1933 were intolerably low, and the northwestern Corn Belt was suffering from drought. There was every reason to expect prices to continue low because there had been an increase in the spring pig crop, and because the foreign market, which formerly had absorbed the product of as many as twelve million hogs from this country, had largely disappeared because of tariffs and quotas.

So six million little pigs were killed in September of 1933. They were turned into one hundred million pounds of pork. That pork was distributed for relief. It went to feed the hungry. Some very small pigs could not be handled as meat by the packers. These were turned into grease and tankage for fertilizer.

If those six million pigs had grown up they would have been marketed in January, February, and March of 1934. They probably would have brought around \$2.50 a hundredweight. Instead of that the price of hogs at that time averaged \$3.60. In January, February, and March of 1934, the consumers of the United States, in spite of the absence of the little pigs which would have come to market at that time, had their customary quantity of pork. Hogs at \$3.60 made it possible for farmers to buy more city products and so put more city people back to work.

If those little pigs had grown up to normal weight they would have eaten about seventy-five million bushels of corn. The pork made out of these seventy-five million bushels of corn would have been consumed by

August, 1934. But because of the emergency pig marketing program those seventy-five million bushels of corn were not eaten in early 1934. You remember that in 1934 we had the most terrible drought in our history. The corn crop was a billion bushels short. In that situation we had on hand those seventy-five million bushels of corn produced the year before, and that corn was used to make pork in late 1934 and early 1935. It gave us more pork this year than we would have had without it. Had it been fed in early 1934 the oversupply of pork would have been terrific then and the price would have been \$2.50 a hundredweight instead of \$3.60. But this year there would have been even fewer hogs and even higher prices than we have had.

As long as we have our program of Agricultural Adjustment we shall never again need to slaughter little pigs to keep hog prices from going to zero. We have the machinery to furnish consumers a normal, balanced supply.

I suppose it is a marvelous tribute to the humanitarian instincts of the American people that they sympathize more with little pigs which are killed than with full-grown hogs. Some people may object to killing pigs at any age. Perhaps they think that farmers should run a sort of old-folks home for hogs and keep them around indefinitely as barnyard pets. But we have to think about farmers as well as hogs. And we must think about consumers and try to get a uniform supply of pork from year to year at a price which is fair to farmer and consumer alike.

The drought of 1934, which cut the supply of feed grain by twice as much as any previous drought, is chiefly responsible for high pork prices today. The slaughter of little pigs in 1933 gave us more pork and lower prices this year than we would have had if they had been allowed to live and eat those seventy-five million bushels of corn. Those who hold to the contrary are misinformed.

Beef prices are high now because of the same drought. We have never had an A.A.A. production-control program in beef. Thousands of cattle were on the point of starvation in the West in 1934. Should we have allowed them to starve? Because we had the machinery of the Agricultural Adjustment Administration, we were able to step in promptly, buy those cattle, slaughter them and can them. The government has thus been able to distribute hundreds of millions of pounds of meat for relief that would otherwise have been wasted.

Strange to say, I find myself in strong sympathy with the attitude of many folks who held up their hands in horror about the killing of little pigs. I will go further than most of them in condemning scarcity economics. We want an economy of abundance, but it must be balanced

abundance of those things we really want. The pig-iron reduction control of the big steel companies in 1933 was in principle one thousand times as damnable as the pig-reduction campaign of 1933. Pig-iron production in 1932 was about twenty percent of that in 1929. Pig production in 1933 in pounds was ninety-seven percent of that of 1929. In 1934 pig-iron production was forty-five percent of that of 1929. Pig production in 1934, the drought year, was eighty percent of that of 1929. In other words, farmers cut pig production three percent when steel companies cut pig-iron production eighty percent. That sort of industrial reduction program plowed millions of workers out into the streets. It is because of that industrial reduction program that we have to spend billions for relief to keep the plowed-out workers from starvation. I hope industry in future reduction programs will not find it desirable to plow millions of workers out of their jobs. People are more important than pigs.

Great corporations should not finance people to attack Agricultural Adjustment. They are too vulnerable. Instead they should co-operate with agriculture to bring about increased, balanced production of those things which the American people really want at a price which they can afford to pay, but at a price high enough to keep the production coming without undue speculative gain. If industry were as productive as it knows how to be, the increased home market for fruit, vegetables, meat, and dairy products would be truly surprising. But this market cannot come to pass until industry ceases its reduction control program.

My attention has been called to a statement by a minister out in the Corn Belt before the district conference of his faith. Concerning the actions of the New Deal he says: ". . . some of them are downright sinful as the destruction of foodstuffs in the face of present want."

I have been used to statements of this sort by partisans, demagogues, politicians, and even newspaper columnists. To men of this sort I pay no attention, because I know that their interest in a cause makes it impossible for them to distinguish truth from falsehood. But when a minister of the gospel makes a statement, we expect it to be the truth. Just what food does he think this administration has destroyed? We would like to know the specific instances. If he is merely referring to acreage control which enabled us to keep out of use in 1935 some thirty million of the fifty million acres which have produced in the past for markets in foreign countries, I would say, "Yes we are guilty of acreage control and, depending on variations in weather, we shall continue to be until foreign purchasing power is restored by the breaking down of tariff and quota barriers."

We have not destroyed foodstuffs. We do not contemplate destroying them. However, foodstuffs *were* destroyed back in 1932 by farmers who

found it profitable to burn their corn for fuel rather than to sell it for ten cents a bushel (which amounted to \$3.33 a ton). It was cheaper for many farmers in the northwest Corn Belt to burn food for fuel at those pitiful prices than to burn coal.

People who believe that we ordered the destruction of food are merely the victims of their prejudices and the misinformation that has been fed to them by interested persons. What we actually did was to stop the destruction of foodstuffs by making it worth while for farmers to sell them rather than to destroy them.

Agricultural Adjustment of the past two years has been a million times as warranted as the industrial reduction policy of the past five years. Why does not the minister attack the industrial reduction which was made possible by corporate and tariff laws? It was this reduction by industry that created the *unemployment* and destroyed the farmers' markets. Might it not be better for all of us to do what is possible to build up on the part of both agriculture and industry a situation which will result in greatly increased balanced output of those things which we really want? [November 12, 1935.]

V: 1936

IN HIS FIRST term as Secretary of Agriculture Wallace was forced to grapple with crisis after crisis. Some of these crises were predictable. Consumer resentment of increased prices brought about by the deflection of stores to relief purposes and by an induced reduction of sowings could, for instance, be foreseen.

Ironically, the drought of 1934 served, in a measure, to let the New Deal agrarian planners out of a plowdown of breadstuffs—"the staff of life." "Fortunately," Wallace wrote in 1934, "the proposal was hardly advanced before the crop reports showed a sensational reduction on winter-wheat prospects because of unfavorable weather. It would not be necessary to plow under growing wheat; nature had already done it—unequally, cruelly, to be sure, but decisively, and without provoking the resentment of consumers. Our press section breathed a sigh of relief; it would not be necessary to write about the logic of plowing under wheat while millions lacked bread. I say this, it should be understood, seriously, for our traditional economy is an economy of scarcity, and it so happens that the larger the piles of surplus wheat in Kansas, the longer are the breadlines in New York. Crazy, perhaps, but quite orthodox in a society which still plays the game according to the rules of scarcity."