



## Technology Can Beat The "Farm Price-Squeeze"

IN THE FEATURE ARTICLES of this issue, T. K. Cowden and Undersecretary of Agriculture True D. Morse present two points of view on the omnipresent question of the future trend of the agricultural economy. Dr. Cowden is the less optimistic of the two.

Dr. Cowden is of the calculated opinion that the downward trend of farm prices is inevitable and that it will proceed further. He says that the prices the farmer receives for his goods will fall more during the next few months than the prices the farmer pays for the goods he buys. This, according to Dr. Cowden, will lead to a condition in the agricultural economy similar to that which existed during the period 1922-29. He makes clear his opinion that this will not constitute a catastrophe but merely a state of affairs based on realistic relationships of the economic factors of our society.

Mr. Morse, on the other hand, says that agriculture has a solid future. His opinion is based upon the premise that while we may have surpluses of certain agricultural products now, there will be a time in the future when we shall need all the productive capacity we can muster. This and the increase in efficiency of production on our farms convince him that the future holds promise.

The conclusions drawn by Dr. Cowden appear carefully thought out and objective and, on the basis of past history, seem sound. But there have been significant changes during the period since 1922-29 which we believe place his conclusions in a more favorable light than might be thought at first glance. On the basis of possibilities which appear practical, we are inclined to side with Mr. Morse.

Dr. Cowden has said that the farmers' prices will drop further during the next two years than will those of industry. We believe that he will agree that in any business the price received is less important than the amount received per unit above production cost. The prices the farmer pays for what he buys are not the only factor in production costs. Through that door enters an important element—greater efficiency.

What major industry can outline practical improvements, available on the basis of existing knowledge and materials, which could double its production at as low a per-unit cost increase as can agriculture? From several well-informed sources we have reported during recent weeks that proper application of fertilizers, pesticides, and other agricultural chemicals, effective use of machinery, and other improved management practices could more than double crop production in the U. S., and it was emphasized that the doubling of production would by no means double costs.

Farm parity has been criticized occasionally on the basis that it fails to take into consideration technological advances made since 1914. The rebuttal is that agriculture does not have a monopoly on technology. In fact, there are more than a few who contend that manufacturing industries have made more effective application of our scientific developments than has farming.

But already we have surpluses and if agriculture doubles its production, what will we do with all we produce?

WALTER J. MURPHY, Editor

Obviously we do not have a need immediately for an increase in quantity of agricultural raw materials. But application to smaller acreages of the techniques by which unit costs can be lowered still means that the farmer's profit per unit can be increased while producing what is needed for our economy, including reserves against the future. Furthermore, the practice of efficiency through the application of scientific knowledge will develop our agricultural practices in such a way as to put us in the position necessary to feed our increasing population in the future.

The mere existence of scientific knowledge does not make our farming practices better. That scientific knowledge must be put into those practices. It is of value only when used. Again and again during the recent meetings of the American Plant Food Council and the National Fertilizer Association, speakers pointed out that the great need is to convince the farmer. We are in the midst of great expansion of our facilities for manufacturing fertilizers. Studies by state experiment stations, universities, the USDA, industrial experiment stations, and practicing farmers all have led to the conclusion that our potential for crop production and for lower unit costs through better use of fertilizers is far beyond what we are now achieving. If both the supply and demand show possibilities for progress against the farmers per-unit costs, then what is needed? The need is education and communication; not only in fertilizers, but in other industries serving agriculture, the manufacturer has something to sell the farmers—something which can benefit the farmer.

We have said it before and we'll say it again: the manufacturers of automobiles, for example, have found lines of approach which have put an automobile beside nearly every farm home. Is that automobile as basic to the farmer as the improvement of the crops which make possible his buying it?

Have the manufacturers of agricultural chemicals explained to their dealers the potential value of their products to the farmer? Do their salesmen have at hand detailed knowledge of their products and what they can do? The basic problem is to carry to the farmers convincingly the information he needs to improve his efficiency and cut his unit costs. Nothing else is quite so convincing as dollars and cents.

Bankers know a good investment in manufacturing when they see it. Have they been educated to the value of fertilizers or pesticides as a farm investment?

Dr. Cowden's views on price relationships may be right. But the efficiency factor of lower unit costs can change the effects from those of 1922-29. The job to be done is one of effective dissemination of information. The chemical industry has a great opportunity in the potential market for fertilizers and other agricultural chemicals.