

NOTES

This speech originally was prepared for and delivered at the annual convention of the Oklahoma State Chamber of Commerce in Tulsa Nov.8, 1962. It also was delivered to a Chamber of Commerce meeting in McAlester, used as the basis for numerous other speeches, and its substance was repeatedly published in newspaper columns and editorials, and in magazine articles and editorials.

Agriculture is this nation's growingest business and not just growing crops and livestock! Our farms are becoming larger as they become fewer, and the Old Grey Mare ain't where she used to be. While those in agriculture zoom toward a somewhat uncertain future, we hang onto the remnants of our erratic past, making the puzzling present a passle of paradoxes, such as these:

Farmers are starving themselves out of business, because they grow too much food.

Americans have more to eat than anybody else in the world, so half the country has gone on a diet.

The more desirable farming becomes, with drudgery removed, the harder it becomes to succeed as a farmer.

The more food we have to supply us with energy, the less energy we use to do our work.

The cheaper food gets, the more consumers complain about the cost of food.

The more the government helps the farmer, the worse shape the farmer finds himself in.

The power to produce food abundantly is one of the things that enabled the United States to move ahead and stay ahead of other nations. In the USDA 1960 Yearbook of Agriculture, the editor, Alfred Stefferud, said: "Power is tools, machines, wheels, levers, oil, energy, structures, the strength in muscles. Power is communication, information, transportation, administration. Power is ability to think, plan, invent, adapt, use, act, produce. Power comes from the sun, the earth's store riches, man's long experience, the sciences that we describe as technology, or engineering, and these we have expended with revolutionary force in the past few years."

Another writer said: "The majority of all men who have ever lived have been bound to drudgery on the land. Only where agricultural productivity has advanced faster than a people's needs have the economic conditions been created that are necessary to release larger and larger segments of the population from limited production on the land and thereby enable more and more persons to advance in intellectual, cultural, and social development above static folkways."

There is the background. We have accomplished much in the 55-year history of Oklahoma. But in the time we have to talk, I want to be serious. Unless we wake up, our machines will get ahead of us in Oklahoma.

This is an old speech. In doing some research for it, I found some notes used in a similar talk I made 14 years ago. At that time, it was observed that income from agriculture in Oklahoma was twice that from the producing oil wells in the state. It was greater than that of any other industry. Agriculture employed more people than any other industry.

It was also noted that "the farmer cannot buy more when he has to produce less, nor can he pay more when he has to sell cheaper."

We pointed out then and we repeat today: "If we are to do a real job of developing our industry in Oklahoma (meaning urban industry), it will be along the lines of providing means to do a more thorough job of processing our agricultural commodities before shipping them to consumers in other states.

Many people are aware of this need, but we seem to be waiting for somebody else to do what needs to be done.

A couple of years ago I had the privilege of attending a seminar in public responsibility, sponsored by a group connected with the University of Oklahoma. None of the 75 educators, economists, businessmen, professional and industrial men was invited because of his specific agricultural interests. Yet agriculture came up often in speeches, panels, and work groups. Why? Because agriculture is directly related to virtually every other subject that came up for discussion.. Those at the conference recognized the basic fact that economic development of Oklahoma depends very largely upon utilization of our state's raw materials, and that those basic resources come from the land. These include livestock, crops, minerals, petroleum, coal, timber, commercial rocks and stone, water, natural gas, ----and people.

At that time, Dr. George L. Cross, President of O. U., said that "The economic centers of the U. S. are up for grabs and we can make our area one of those centers through our efforts." He added that we have never attained our full potential to learn from one another and to do things together.

Whether city people, businessmen, industrialists, farmers, or members of congress, we must be willing to accept two basic facts:

1. Fewer people are needed to produce our country's food, but increasing numbers are needed to process and market it.
2. Our country needs food just as much today as it did when 90 per cent of the people were farmers.

Whether the facts are accepted does not alter them. They still are grinding out the results of their effect on our country and the world.

Since 1935, we have been losing 13 farmers a day from the Oklahoma countryside, Sundays and holidays included, proving that when it takes fewer people to produce the food, those not needed in production must and will move into other occupations.

The number of food products sold on supermarket shelves is now up in the thousands, compared to a few hundred in the days of the corner grocery. That means more jobs for more people engaged in processing and preparing the food to make it more nearly ready for use.

Let's look over a few other facts:

Average size of farms in Oklahoma was 165 acres in 1935, was 378 acres in 1960, and is headed toward 500 or more. During the same period, the number of farmers has dropped from 213,000 to less than 95,000.

Land area in farms remains about the same. Irrigation is increasing. More machines are used than ever before. Tenants have almost disappeared, dropping from 2 out of 3 farm operators in 1935 to only 1 in 5.

Oklahoma ranks among the top 10 states in numbers of cattle and calves, but we could double the production of our pastures and feedlots by applying research knowledge now available.

Oklahoma ranks about 20th in milk cows and heifers, but we don't produce as much milk as our state could and should if we had more adequate processing and marketing facilities.

Oklahoma is 22nd in hogs and pigs and we don't grow as much bacon as we eat.

Oklahoma is 16th in sheep and lambs, but we have room for thousands more on our steadily improving pasture land.

Oklahoma consistently is among the top 3 or 4 states in wheat production, but we have at least a couple of million acres of wheat land idle.

Oklahoma has been allotted out of the cotton business, slipping to 12th place from a spot near the top.

Oklahoma is in top 5 states in sorghum grain, forage and silage production, but is low in corn, oats, barley, rye and other grains. We grow lots of hay, broomcorn, vegetables, fruit, but only a fraction of potential. Our agricultural plant is running at half speed or less.

Where would the average business be if it had to maintain most of its overhead, but could operate at only one-fourth to one-half of capacity?

Sometime ago, an Oklahoma City man said to me: "If we could just get a family back on every 160 acres like we used to have, this farm problem would disappear." How wrong he was! Anybody who knows anything at all about either farming or business should know that a surplus of farmers could be worse than a surplus of farm products. But people love their memories. Dr. Randall J. Jones of OSU once said to me: "People will change their notions about houses, cars, shopping centers, airplanes, and most other things, but not about farming; they want it just like it used to be."

About the only resemblance of today's farm to those of 25 years ago is that both produce food and fiber raw materials. The people, the methods, the crops, and livestock, and the equipment used are changed. The change has been much greater than some people want to admit. The greatest factor that remains unchanged is people's

notions about farming, and that in itself constitutes a major part of the so-called farm problem.

It takes a lot of money to farm.

Much of the progress made by agriculture is attributable to the substitution of capital for labor - capital that buys machinery that eliminates the drudgery from feeding chickens, watering cows, chopping weeds, and harvesting crops. Capital also makes it possible for one farmer to operate much larger units than formerly. Farmers who used to milk 10 or 15 cows now handle 50 to 100, or more. Hog raisers have expanded from 2 sows to 200 and market 1,000 or 1,500 pigs yearly. Beef cattlemen raise more calves on bigger pastures, and feedlots that hold from 100 to 10,000 cattle are springing up all over Oklahoma. Wheat, cotton, and sorghum growers could handle almost unlimited acreages with modern machinery. Only acreage controls and price limitations hold them back. At one time nearly every farm family kept a flock of chickens. Now, only about half of them keep any chickens and most of these are just for home use. In fact, with windowless, air-conditioned, automated henhouses, even a home flock may not be worthwhile. Some poultry experts I talked with figured out that just 40 poultry farms the size of Oklahoma's largest ones could produce all the high-quality eggs we could eat and some to ship outside the state. Big farms, big farmers, big production are here and no change in the trend is in sight.

Yet, agriculture remains as our only indispensable industry. Man has existed and made progress with no other business functioning except agriculture. But when agriculture failed, civilizations have perished. Some disappeared for other reasons, but none survived without agriculture.

Not only do farmers produce your food, they also buy more trucks, more gasoline, more oil, and many other commodities than any other industry in Oklahoma. They also sell most of the products that bring in the most money that moves along to merchants in small towns, cities, and big cities in Oklahoma.

Farmers are big customers. In one recent year, Oklahoma farmers spent \$77 million for feed, \$91 million for livestock and poultry, \$25 million for machine hire, \$34 million for labor, \$30 million for petroleum fuels, \$8 million for seeds, bulbs, plant; more millions for fertilizers and farm machinery, automobiles and trucks.

In a study compiled by OSU Extension Service, it is reported that Oklahoma farmers buy more than \$300 million worth of supplies yearly for items used in agricultural production. Supplying these items provides employment for nearly 15,000 people and amounts to a payroll of more than \$40 million yearly. More than 2,000 firms in Oklahoma are engaged in the supply side of agriculture. Over 100,000 workers are employed in the processing-distribution segment of Oklahoma's agricultural business, bringing the total up to 37 per cent of the state's entire working force in some phase of agriculture.

In fact, city people make more money out of farming than farmers do. Latest reports show the 62 cents of the customer's retail food dollar goes for marketing, processing, transportation, and warehousing - costs that largely support city families, while only 38 cents goes to the farmer for the raw materials out of which he has to pay his cost of operation, his investment, his capital improvement, and his living. It looks like the city people are getting a good break, in dealing with the farmer.

And after that, they can buy more food with the income from an hour's work, a day's work, or a week's work, than they could at any comparable period in history - even when they grew the food for their own tables.

But in Oklahoma, we face another sad truth. Our processing and marketing facilities have not kept up with our farmers' and ranchers' ability to produce. In other words, Oklahoma farmers are ahead of Oklahoma businessmen and industrialists in applying available knowledge, research results, and technology. As a result, the entire state's economy is suffering loss of income, farmers have less market for what they grow or a less favorable market, small towns have less business, big cities have fewer customers in their trade territories, and less tax money is available to provide government services that we have become accustomed to demand.

Oklahoma's future growth in industry, employment, business, and population is closely linked to the soil. Greatest prospects we have rest in home-grown industry, devoted to processing products of the soil that we now ship out of the state as raw materials, for their lowest cash value.

Oklahoma agriculture has changed, will continue to change, and with the changes we must have a closer understanding of the mutual interdependence of urban and rural businessmen to develop our fortunes and our future together.

Dozens of Oklahoma towns are sitting around wilting while waiting for somebody to plunk down an industrial payroll in their midst. It's about like a farmer waiting for his neighbor to come over and plant some seed so he can harvest a crop. It could happen, but isn't likely.

We have a real opportunity in Oklahoma for industrial development, but somebody is going to have to get up out of his easy chair in front of the TV to get it "rocking and rolling."

Let's face the fact that nothing Oklahoma does is essential to anybody except us Oklahomans. We have to live, but what we produce and sell other people can get elsewhere, unless we do it better or cheaper or both. The nation and the world doesn't have to have our crops, our livestock, or our services. Oklahoma must compete for markets, for agricultural output, industrial production, and professional services.

Occasionally, an industry moves to Oklahoma from some other location, bringing raw materials here for processing and shipping them again to outside markets. That's good, but indications are we'll never have enough of this type of industry to save many of our small cities and towns.

I firmly believe that a number of home-grown industries can be developed upon the foundation of what we produce in Oklahoma. Industry can be developed by processing and marketing the produce of the soil so that it can compete for markets both inside and outside the state.

By the products of the soil, we must include crops and livestock, coal, rocks, petroleum products, water resources, timber, minerals, and people! These are what Oklahoma has to sell, but we don't have enough good jobs for our working force because we stop too far short of the finishing line. Too often we turn out the basic material and then somebody in another state puts on the finish, pocketing more dollars than we do in a fraction of the time!

Considerable progress has been achieved in the last few years along these lines by establishment of more cattle feedlots in Oklahoma. Formerly, we shipped our grain out, shipped our calves out, somebody else fed the grain to the calves, and then we shipped the meat back after it had been slaughtered in a packing plant in another state. Railroads and truck lines made a profit hauling the materials and merchandise both ways, with producers and consumers both helping to pay the freight! Oklahomans paid the freight out of our meager share of the consumer's dollar!

Oklahoma has grown cotton for years--millions of bales of it--but very little of it ever has been processed into marketable products in the state. Why not? Can't we do it as well as other places?

Oklahoma is one of the top wheat producing states, but only a fraction of the wheat is converted into finished products here. There are now only 4 or 5 flour mills in Oklahoma. The same lack of processing plants is true of peanuts, pecans, grain sorghum (except for feeding) and a dozen or more other crops.

The state has sizeable timber stands in eastern counties, and much of it is harvested--for sale as raw materials to be processed into lumber in Arkansas or pulpwood in Texas. Why not Oklahoma?

We are still shipping our cotton, our wool, our peanuts, our wheat, feeder calves, timber, feed, and other commodities out of state for processing. Of equal importance, we also supply other states with our natural gas, our coal, and our petroleum to fuel their factories. Of even greater importance, we send them our well-educated young men to run them. How many graduates of Oklahoma

universities and colleges do you know who have taken jobs in other states because none was available here? We are not just exporting our raw materials. We are shipping out a lot of our brains along with them - by the ton.

At the present time, there is in Oklahoma City a vegetable oil refining and manufacturing plant with nationwide distribution of its products. This plant uses large quantities of cottonseed oil, soybean oil, and other vegetable oils.

Right now, too, Oklahoma farmers desperately need new crops to grow on land where they can't grow wheat, cotton or peanuts, due to existing large supplies and acreage limitations. Safflower, sesame, and perhaps other oilseed crops can be grown in several sections of the state.

These crops might develop into income-producing sources for Oklahoma except for one thing. We don't have an oilseed extraction plant in the state, except for two or three seasonally-operated cottonseed oil mills. Is Oklahoma going to sit idly by and wait for other states to establish all of the pipelines to supply this plant? If so, our small towns and farms will continue to be pressed for income, and the danger of having the processing plant moved eventually to a point nearer the sources of supply cannot be overlooked. This is just one example. Others might be cited.

What is being done about this opportunity for industrial development and what can be done about it?

First, agricultural, business, and industrial leaders must get rid of the idea that each group is a set apart from the others. The problem is not one peculiar to any segment, but the solution depends upon all Oklahoma.

Second, Oklahomans must consider seriously the idea of investing Oklahoma money in setting up a good many moderate-sized plants in many towns to process the raw materials that can be produced in the vicinity. Some of this money might come from "industrial development funds" already lying in banks waiting for a useful purpose. Much of which might be better spent this way than for aimless industry safaris back east.

Third, local leaders are going to have to extend their vision and imagination to figure ways to hitch industry to agriculture to make more business and more jobs for Oklahomans.

This course isn't simple and it isn't easy. Probably it will involve many disappointments while achieving some successes.

Nevertheless, there is good reason to believe that Oklahoma can compete with other states and develop a greatly expanded agricultural and industrial economy in the next 10 years--if we want it!