



# THE DAIRY *and the* WORLD FOOD PROBLEM

**I**T is the duty of the Government, just as far as we are able, to maintain economic equilibrium in the dairy industry; but should the impact of war so dislocate the industry as to cause temporary periods when loss faces you, it is the duty of every dairyman to stand by—with that courage which comes from the knowledge that he is a part of the world's reserve army that may, at any moment, be called into battle for our existence and the existence of the next generation

*ADDRESS BY*

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UNITED STATES FOOD ADMINISTRATOR

*at the*

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## THE DAIRY AND THE WORLD FOOD PROBLEM.

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Upon the dairy industry rests a great part of the responsibility for keeping the world alive during this war and renewing its vitality after the war; from the dairymen of this country is required a service that they are morally drafted to fulfill. How this has come about in the world situation of the dairy industry I wish to discuss with you.

If you could stand in the middle of Germany to-day and survey the land to the borders of Europe you would discover its whole population of 400,000,000 human beings short of food. Where Germany has overrun its borders millions of people in Poland, Finland, Serbia, Armenia, and Russia are actually dying of starvation, and other millions are suffering from undernutrition. Still others of these millions outside the German lines—that is, our allies and neutrals—are living on the barest margins that will support life and strength.

### GERMANY'S TOLL OF STARVATION.

This, the most appalling and dreadful thing that has come to humanity since the dawn of civilization, is to me the outstanding creation of German militarism. Yet the Germans themselves are not the worst sufferers. They are extorting at the cannon's mouth the harvest and cattle of the people they have overrun, leaving them in desolation. I am convinced that if the war were to cease to-morrow the toll of actual dead from starvation and its attendant diseases within the German lines would double or treble the 5,000,000 or 6,000,000 of men who have been actually killed by Germany and her allies in arms. The 10,000,000 people in occupied Belgium and northern France would have died of starvation had it not been for the action of the nations at war with Germany in the maintenance for these people of a pitiable relief. But this is only one part of the whole story of misery, for the sinking of the world's shipping is reverberating privation in some direction into every corner of the globe.

### ROBBERY OF THE INNOCENTS.

Of all the food industries of Europe there is none which has been so stricken by the war as the dairy produce. The human race

through scores of thousands of years has developed a total dependency upon cattle for the rearing of its young. No greater catastrophe can happen to a people than the loss of its dairy herds, for the total loss of dairy produce means the ultimate extinction of a people.

The German people supported their herd by the import of feed-stuffs from their neighbors. This being cut off by war, their produce in meat and milk would have fallen to a low ebb indeed had they not supported themselves to a considerable degree by stealing the cattle of the populations they have overrun. I have had Polish and Serbian cattle in German pastures pointed out to me with pride by German officers. I witnessed for years the stealing of Belgian and French cattle. In Belgium alone the herd diminished from 1,800,000 to 700,000 in three months of German occupation. At that point the protests of the Relief Commission held it in check. But in northern France absolutely all of the cattle were taken before the Relief Commission arrived. The French men had been drafted out of this region, and there was therefore an undue proportion of women and children. There were, in fact, over 800,000 children under 12 years of age and, in addition, many old people who had to have the most careful sustenance. One of the first duties of the relief was to undertake the import of milk in order that these children might be saved. We found that in the terror under which these people lived the average period of breast feeding was under four months.

We have, therefore, for nearly four years been sending them American condensed milk, not in single cans but by scores of thousands of tons. There has been scarcely a child born in the north of France, and many in Belgium, whose continued life has not been dependent during all this period upon American condensed milk. Every American would be thrilled could he but see the gratitude which French mothers daily express over the pitiable ration which enables their children to survive. This stealing of neighboring cattle by Germany will now, with Russia at her mercy, go on with an accelerated pace. Do not let us deceive ourselves that any shortage of her own cattle will bring the war to an end.

#### RUTHLESSNESS MENACES US ALSO.

All this is an exhibit of the character of forces from which we are struggling to purge the world. To do this, therefore, we must concern ourselves daily with the food situation in the allied countries. Our obligations to them are not only as a matter of humanity but as a matter of their maintenance in our common struggle. It is worse than folly to put 5,000,000 of our boys into France if the civilian population of our allies are not also to be maintained in

strength and morale with our food. We are also interested in the neutral countries from the point of common humanity.

The allied countries before the war supplied their dairy products from imports as well as domestic production. Their imports came from Holland, Denmark, Siberia, Australia, the Argentine, New Zealand, to some extent from Canada, but comparatively nothing from the United States. The exports from Holland and Denmark have been largely cut off by our embargo against the import of feeding stuffs to those nations in order to prevent their also supplying Germany; Siberia, is, of course, isolated. Australia, New Zealand, and the Argentine represent journeys which require from two to three times as much tonnage of ships as do our own market to bring the same quantities. Dairy products still flow from these remote markets to the allies, although the transport of grain has been largely abandoned. But the growing shortage of shipping, the increased demands to transport the American Army, might at any time necessitate such final economy in shipping as would drive these demands upon us.

#### ALWAYS THE SHIPPING PROBLEM.

The shipping problem has, however, had a wider influence than the jeopardy of direct imports of dairy products in its effect upon allied supplies, for their own cattle are much dependent upon the import of feed from overseas. In the struggle of all European populations to maintain or increase their bread grains in the face of a shortage in labor it has been necessary for them to diminish their production of feed for their animals. By the destruction of shipping it has been impossible for them to maintain the volume of their feed imports. In order to reduce this drain on shipping and to find immediate meat supplies there has been an enormous reduction in the number of cattle in all of the countries at war. Every nation in Europe has, however, endeavored to protect its dairy herd; but the reduction in feeding stuffs has necessitated the placing of cattle on rations of a more drastic proportion than that of human beings. The result has been that while the actual number of dairy cattle shows less proportional diminution than that of the total cattle, the actual reduction in the milk production is of much larger proportions. I doubt whether to-day the dairy production of Europe as a whole is 30 per cent of the prewar normal; that of the allies 50 per cent of normal.

#### IF THE WORST HAPPENS.

In consequence of all these forces the dairy supplies of the allies are much diminished. They have met this situation by drastic reduction in consumption of dairy products by driving the fresh milk

into the hands of the children and by the substitution of margarine for butter. Their position is not yet acute, and, while it represents privation of many individuals of their usual food, they are sacrificing it willingly to the common cause.

During this fiscal year, of the foodstuffs imported by the allies, approximately 50 per cent in nutritive value will have been supplied from North America, 50 per cent coming from more remote markets. Before the war we contributed probably less than 10 per cent. The shipping situation or the war situation might develop to a point where all shipping must be withdrawn from the long journeys to the nearest market—our own. If that became necessary, and if we could supply the food, the allied food-carrying fleet could be diminished by 1,500,000 tons and still feed our associates in the war. This contingency may not arise; but if it should arise, and we are unprepared to meet this demand for a doubling of the whole of the food exports from this country, it might result in the losing of the war. If these ships should by force of necessity come to our shores, they must be loaded.

#### RESERVES AGAINST INCREASING LOSSES.

No one knows how long the war will last. If we are to win, we will with four collateral weapons—men, munitions, ships, and food. It may require years to win it, and we intend to fight it out on this line—not if it takes all summer but if it takes all of your lifetime and mine. We can not anticipate that the animal situation in Europe will improve during the war. The enormous destruction must go on until the end. Through the whole of the course of the war there will be continued destruction of cattle and diminishing dairy products. There will be steady creeping of jeopardy toward the children of the allies. North America stands unique in one great particular in this situation. We are independent of sea transport for feeding stuffs for our animals; we grow them side by side. Here lies the great economic difference in these foods between ourselves and Europe, and here also the one reason why we can and must be the great final reservoir of supplies.

There falls, therefore, upon us an increasing duty in the provision of food. To provide supplies we must build up reserves. The first reserve in meat and dairy products is the maintenance of our herd. The second is to build up stocks in our warehouses in seasons of surplus production. If we can maintain our herds and our production we can, in any emergency, reduce the consumption of our own people without damaging our health by margins of such an amount as will provide for the allies.

**FOOD STORES LIKE AMMUNITION.**

We are to-day in the season of the largest dairy production and we have a minor surplus. I do not look upon this with alarm, but with satisfaction. One result is the increase of our butter and condensed milk in storage. I wish it were larger. It is a factor of safety in the war situation that can not be overestimated. We must not take risks in war. It may turn out that we get too much butter into storage. But a general at the front who should find himself with more shells than were needed to win a battle would be in a far different state from the general who found himself short of the necessary amount. Food must be viewed from the new viewpoint of ammunition to win the war. Therefore it is up to us as a part of our national food strategy to accumulate stocks in as large a degree as possible for any emergency that might come. I believe that the call for condensed milk, cheese, and butter supplies for the allies and our Army and Navy will be on an increasing scale. With one-third of the world's population on short rations in food, and most of this one-third with less than one-half of their normal dairy products, this is no time to begrudge the minor stocks that are accumulating in our warehouses, nor is this a time to stimulate unnecessary consumption or waste.

**PROBLEMS PECULIAR TO DAIRYING.**

Turning for the moment to our domestic problems, there is no other agricultural industry of such economic complexity. These complexities arise from the fact that in a considerable part of the industry the raw material in feeds, the labor, land, and equipment employed are by-products of other major agricultural operations, and the commodities produced are all in different circumstances by-products to each other. This complexity is again confounded by the fact that the by-product is different in different localities and at different seasons of the year. For instance, butter and cheese may be a by-product to city milk production; they are the major product in creamery regions.

It is an industry to certain products of which attach a peculiarly large amount of sentimental value; fluid milk is the absolute food-stuff of our babies and is equally a necessity to the very poor as to the rich. The consequence is that a rise in the price of milk may provoke more blind and fanatical opposition than any other of the food industries, not even excepting bread. Again, fluid milk is the most perishable of all the food commodities and the easiest subjected to infection and adulteration. It is an industry thus susceptible to an extraordinary degree to the varying economic winds. The vary-

ing production of roughage, the varying prices of concentrates, the lack of balance in prices of milk, butter, and cheese all make the dairyman's life an exciting if not a merry one.

#### **FOOD CONTROL A WAR MEASURE.**

Prior to the European war our dairy industry was practically a matter of domestic interest only. Since the war there have been increasing demands for contribution to the world's shortage of foods.

This is, however, not the only pressure of war on this industry, because an industry of so complex an economic character is peculiarly subject to the shocks of commercial dislocation that have penetrated into all quarters of our national life. It is these war dislocations that gave birth to the Food Administration and it is with these problems that the Government is called upon to deal. I should like to emphasize this point. The Food Administration is not a busy-body, searching for opportunities to interfere in industry and trade. Its sole preoccupation is, so far as is physically possible, to soften the shocks of war that the food supplies of our own people and the allies may be maintained. I can perhaps illustrate this by a review of only one or two war dislocations which have affected the industry and the steps taken by the Food Administration to ameliorate it.

#### **DIFFICULTIES OF FEEDING.**

At the time of the establishment of the Food Administration, last summer, we were confronted with a price level in feeding stuffs for animals that had not been witnessed in the United States since the Civil War. Heavy exports to Europe of all character of foodstuffs during the previous 12 months had drained the country of its surplus production of food supplies, but had also even exhausted our normal annual carry over from one harvest to another. The consequence was that we entered upon the harvest of 1917 with a less supply of all kinds of feeding stuffs than at any similar period in 15 years. In fact, had the harvest been a total failure, the human beings and the animals in this country would scarcely have survived for 60 days. A situation thus exposed is not only pregnant with speculation and high prices, but positive national danger through lack of supplies to equalize short production in any direction.

#### **WORRYING THROUGH THE WINTER.**

The dairyman was caught between two forces—a low price in milk, held down by inherent opposition of the consumers, and high price in feeding stuffs and labor. No doubt in the long run, if matters had been allowed to take their course, the dairy cattle would have decreased to a point where a shortage in milk supplies would have



have compelled the necessary increase in milk prices. Some day these milk prices would have risen to a point that would have again restimulated the industry and in the course of years the number of dairy cattle would have been restored and an equilibrium again established.

These are not times, however, when we can run the risk of sapping the root of our production and await years for its regrowth. We had all hoped for a considerable time that the unusually large promise of feeding stuffs last harvest would result in decreased prices in feeds and that the dairymen's position could have been saved without material increase in the price of milk to the consumer. We worried along until November, when there developed so great a car shortage by the war demands upon the railways that it became evident that the crop would not move with sufficient rapidity to remedy feed prices before spring. We therefore determined that some action would be necessary in protection of the producer. To make matters worse, you will recollect we came into an unparalleled period of storm weather, extending from the first of December until the middle of February, that further paralyzed our railways and created a situation of practical famine prices of feed-stuffs in those parts dependent on railway movement. Up to the middle of February the movement of corn by rail had been 150,000,000 bushels less than normal and of all other feeding stuffs correspondingly less quantities. There were immense stocks in the hands of our feeding-stuffs producers, but it could not, through railway strangulation, reach the consumer. We had, therefore, to suffer from continuously ascending prices until the railways were able to offer a freer movement. Within a month after that wider movement began to take place this spring, the price levels of feeding stuffs began to fall more nearly to ratios comparable with the supplies and the outlook from now on is for more reasonable prices.

#### METHOD OF ASSOCIATION.

Here is, therefore, one issue upon which the dairy industry has been directly disrupted by the war, and if we were not to witness a large selling of dairy cattle for meat some increase in the price of milk was vital or the city milk industry would be imperiled. Proposals to increase these prices brought about conflicts between producers, distributors, and consumers, not only of the most acrimonious character, but in which the law was invoked in various directions, and a practical deadlock resulted.

Furthermore, I had also long held the view that various associations amongst producers were the foundations upon which a better marketing system must arise in the United States in the interest of

both producer and consumer, and that, growing out of the bitter quarrels in various parts of the country, the existence of producers' associations were being endangered. I also realized that any increase in price meant fearful hardship and suffering upon some sections of the community, and, furthermore, that any interference with the ordinary course of trade meant a series of incidental reactions, all of which would be disagreeable enough, but yet none of which would be so disastrous to the community as no action at all.

#### THE CHOICE OF EVILS.

In other words, like all cases of interference in the normal course of supply and demand, it became the choice of evils. The issues at stake were not only from the point of view of the feeding of our own populations but the broader issues of our reserves to meet the demands of the allies. With the view to securing as favorable a settlement as possible, that should, as much as possible, be acceptable to all interests, the Food Administration appointed commissions to arbitrate a settlement in the larger cities, these commissions embracing representatives of the producer, the consumer, and the distributor. The decisions of these commissions have been constructive, have been thoughtful, considerate, and I believe you will agree with me that in the long run they are in the interests of both producer and consumer. The reactions that have grown out of this situation are interesting from an economic point of view, and they deserve close observation for future guidance.

The first and most immediate reaction was that with an increase in price there was a great fall in consumption, and therefore a damming back of the surplus on the hands of the producer and distributor. In other words, the poorer sections of the community spent the same sum on milk and took a less quantity. There was thus the heartbreaking reaction of diminished milk feeding of our own children. That has been more or less overcome by propaganda in these sections as to the necessity for milk for children. This has led to a larger consumption. I am informed that it is now again about normal, and we wish to continue the insistence as to its superior value to all other foods for the little ones.

Another reaction of the war has been the decrease in shipping space that temporarily can be allotted to exports of condensed milk while the transportation of the American Army is in progress. There has been some damming back of supplies, but we have taken such measures as I believe will prevent any great damage.

#### THE TEST OF RESULTS.

I could review many other minor incidents of the dislocation of war in this industry, but these will be sufficient to show that we are

not in normal times. We are not yet through the war. It may extend for many years. I wish to warn you that unexpected and difficult and disturbing problems will arise not only so long as the war lasts but probably for some time after. These dislocations will give rise to anxiety and criticism. All measures in their amelioration are a choice of evils. The tests of capacity in administration connected with this industry must, however, be: First, has our dairy herd been safeguarded by reasonable returns to the dairyman that he can serve his purpose of feeding our own people and the allies? Second, have the allies been fed? Third, have our own consumers received their products at prices as reasonable as the situation warrants? Our herd is intact to-day. The allies have been fed. Reasonable returns are being received by the dairymen.

About the consumer, our authority extends to his protection from profiteering. I do not believe any branch of the industry wishes to profiteer upon this world necessity. We have instituted measures which I believe have the support of the vast majority of middlemen, and directed to make profiteering and speculation in these foods by a minority impossible. Nor do I believe the dairyman has either right or wish to receive more than necessities from this situation.

You and I have gone over this Nation and selected our strongest, our best, those just on the threshold of life and hope, and we have said to them, "Go to France. Sacrifice your life that justice may be done in the world, that those of us who stay at home may be free men." Have you and I any right to say we failed to do our part because some one did not pay us a profit? You and I will do our duty as service, not for profit.

#### FOR FURTHER ECONOMIES.

One difficulty to both our producers and consumers is that our marketing system in dairy products is inherently a wasteful and expensive system. Our consumers need relief from the present high price levels of milk. This relief may partly come through cheaper feeds, but, it appears to me, must be to a larger degree in reduced cost of distribution. It is a matter of vital importance to the health of the children of our poor. The enormous duplication and waste in present chaotic distribution methods need no detailed description from me. They have been ventilated by a long train of private and public investigations and by the distributors themselves.

The careful inquiries and decisions of the various committees which we established to arbitrate prices as between producers, distributors, and consumers, have set the charge for distribution at, I believe, just levels as between all three parties, so far as it can be done under the present system. Yet here is a commodity in which,

in New York, from 40 per cent to 60 per cent of the price is absorbed in distribution. I can see but one remedy that will save the position between all these vital interests, and that is complete reorganization of distribution methods. These are matters for local initiative. I do not believe in Federal paternalism. The interest of the Federal Government in these matters must extend no further than assistance to remedy evils of national character through the incidence of a national war. The inspiration of such reorganization must come from the producer. It might be said that the consumer should be joined in this. He should be, but I despair of any consumers' organization getting results. The producer's whole interest is milk, while it is but one of many interests of the consumer.

That something can be done is evidenced by the work of Prof. King and his associates at Philadelphia, where the producer to-day receives about the same price as at New York; yet the consumer secures his milk for from 1 to 2 cents per quart less.

The distribution of milk to our city population is just as vital as the distribution of water. To have 10 independent water systems cumbering our streets would be no more chaotic than our present milk distribution.

#### **PARAMOUNT NEED OF HANDS.**

In maintaining our dairy herds that they may be ready for any demand, you face one paramount difficulty—that is, labor. More men will be drafted to war, more will be required to furnish them munitions. There is only one ultimate solution in this industry; that is, by the increased efforts of our men and the additional efforts of our women. Our women are ready and willing to stand with our men in this struggle.

Far beyond our domestic difficulties, however, is our world duty. Parallel with this enormous and continuing destruction in Europe we must build our food resources so as to stand ready for any demands upon us by our allies. It is of no purpose to us to send millions of our best to France if we fail to maintain the strength of their men, women, and children on our lines of communication. After the war the time will come when we will need to replenish their herds from our own cattle. This United States is the last reservoir of men, the last reservoir of ships, the last reservoir of munitions, and the last reservoir of food upon which the allied world must depend if Germany is to be defeated and if we are to be free men.

#### **OUR FINAL OBLIGATIONS.**

It therefore devolves upon us to maintain our present great potential strength in herds, for they can not be reestablished for many

years if once lost. Not only must they be maintained as a guarantee to our allies, but they will be vital in the world's regeneration. The day may yet come when the child life of the world will be in your hands. I place this before you on the high plane of service to the world. It is the duty of the Government just so far as we are able to maintain economic equilibrium in the industry so that it can go on without hardship to those who engage in it; but should the impact of war so dislocate the industry as to cause temporary periods when loss faces you, it is the duty of every dairyman to stand by with that courage that comes from the knowledge that he is a part of the world's reserve army that may, at any moment, be called into battle for our existence and the existence of the next generation.

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