MR. JOHNS: Ladies and gentlemen, I feel there seem to be a number that think Johns is against a quality program. For heaven's sake, do not let that thing enter into your mind. That is the last thing that should enter anybody's mind. I think everyone should feel that Johns is for a quality program as much as any man in the state of Wisconsin as anywhere else but I do not approve with soft soap putting on that program, but I do believe in getting down to the bottom. I believe if every effort were spent in putting on a quality program starting at the source, we would be getting farther than with any offer of such a program as this.

PRESIDENT WHITING: Ladies and gentlemen, we have Congressman Johns who is going to give us a talk on Reciprocal Trade Treaties and Their Effect on Wisconsin Industry. It is with pleasure that I introduce to you Mr. Joshua L. Johns.

RECIPROCAL TRADE TREATIES AND THEIR EFFECT ON WISCONSIN INDUSTRY

By Joshua L. Johns

Brother Whiting and members of the Wisconsin Cheesemakers Association: I want to thank you for the privilege and also the pleasure that it affords me to be here this morning to address you. I have learned considerable here today and one of the things I am going to carry out in the future, I am going to give the chairman hereafter thirty dollars and tell him not to give it away until I get through speaking. I know then I will have a crowd here.

When I came in here this morning I asked for the president and they said he hasn't arrived yet because he was out. The last I saw of him last evening he was calling a square dance here in town and he is probably sleeping this morning.

I was interested in this Dairy Queen, because this is two queens I have seen this year, one from England, whom I had the privilege of shaking hands with and this one—both charming ladies.

Permit me first of all to thank your organization for the privilege and pleasure it gives me to appear before you today. You have a splendid organization and are doing a great work for the cheese industry.

I have watched your progress and have co-operated in every way I could to help you, because in helping you I have at the same time helped myself.

I am deeply interested in the farm problems, because I have owned and operated farms ever since I was able to buy the first one.
Today I own and operate three stock farms with some ninety head of milk cows on them. When the price of cheese goes up or down, I am vitally affected.

You have a great organization, because Wisconsin is a great dairy state, producing approximately 50% of all the cheese consumed in the United States. We are also a great producer of butter and condensed milk.

For this reason, I understand, you have assigned to me the subject "Reciprocal Trade Treaties and Their Effect Upon the Dairy Interests of Wisconsin."

That is a big assignment, but we will see, if we can, from some facts and figures, whether they have affected our State, and if they have, just how.

In order to do this, I want to give you some figures on our investment in dairy cattle, the amount of dairy products we produce and some values of these products. I would like then to give you some facts and figures on imports and exports of dairy and other products which either directly or indirectly effect our daily life.

On January 1, 1939, we had 2,179,000 head of dairy cattle on farms in Wisconsin; Minnesota ranked next with 1,705,000 and Iowa third 1,472,000 head. Texas fourth with 1,458,000 and New York fifth with 1,423,000 head.

The total milk production for Wisconsin alone last year was 11,862,000,000 pounds. This figure is about 484,000,000 pounds greater than the State's output in 1937. The average value of dairy cows in Wisconsin on January 1, 1939, was $69.00 per head, or a total value of $150,351,000.00. The average value per head on January 1, 1938, was $72.00. The total value of all dairy cattle in the United States on January 1, 1939, was $1,397,280,000.00.

The price of fluid milk during each month of the year 1938, was lower than for the year 1937, and the average loss to the Wisconsin farmers was about $1,000,000.00 each month.

In addition to the cheese we produced in the United States, in 1937, we imported into this country about 60,000,000 pounds. Under Reciprocal Trade Agreements, this meant a loss to the Wisconsin farmers of about $1,000,000.00. The price paid to the farmers for live stock in 1938 average 12% lower than in 1937.

In 1935, the agricultural population of all the United States was placed at 31,800,907. This is about 25% of our population.

The population of the five leading dairy states I have named is approximately 6,000,000 people. I figure the farmers raising cotton,
corn and wheat represent about 3.1% of our National income, and have received millions in subsidies during the last few years. The dairy farmer has received nothing in subsidies.

We were able during the last session of Congress to get 125 millions to buy surplus commodities, but this was given so the corn, cotton and wheat growers might get larger amounts in subsidies as well as a substantial portion of the 125 millions.

The Secretary of Agriculture pleaded with Congress for the 125 millions to keep farm prices from going lower than in 1932.

The butter fat prices on my own farms between 1922 and 1932 averaged 46c per pound. They reached a low of 28c per pound in August 1938. I delivered all my milk to cheese factories.

Wisconsin farmers also received agricultural relief payments made for crop reduction, rental and benefit checks and payments for conservation of soil resources from 1933 to 1937, $24,479,202.29. This amount was paid to 18,416 farm families, numbering 78,382 people.

However, with all this help, Federal Farm foreclosures in Wisconsin were three times as many in 1938 as in 1936—two years earlier. The Federal Land Bank and Land Bank Commissioner foreclosed 1,723 farm mortgages in Wisconsin in 1938,—compared with 542 in 1936.

Foreclosures were particularly heavy in Northern Counties. I shall only call your attention to some counties in my own District, which may be considered the average in the State. Marinette had 5 foreclosures in 1936, and 39 in 1938. Oconto County 6 in 1936 and 38 in 1938.

In some of the counties in my District where fifteen years ago a foreclosure was seldom heard of, we find in 1938 foreclosures in both farm and city; 74 foreclosures in Brown County, Outagamie 88, Manitowoc 116, Oconto 71, Marinette 70, Kewaunee 21 and Door 39.

Now, let us take up and discuss the subject of Reciprocal Treaties and see if there is any possible casual connection between them and some of the conditions prevailing in the great dairy state of Wisconsin.

First of all I would like to call the attention of the audience to the fact that the treaty making power under the Constitution of the United States rests with the President of the United States and the United States Senate. Subsection (1) of Section (2) of Article Two of the United States Constitution provides: "He, (the Presi-
dent) shall have power, by and with the advise and consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur."

However, in 1934, this power given to the President and the Senate of the United States under the Constitution, was delegated by Congress to the President and Secretary of State, to enter into trade treaties with foreign nations.

Grave doubt exists whether Congress had the right or power to do this, but it has never been tested out in the Courts.

This power expires on June 12, 1940, and the question arises, should it be extended? This will depend upon what the American people think about it at that time. We have entered into some 24 treaties—Argentina and Venezuela being the last two.

Now, let us see what has happened as a result of these treaties.

As Dairymen, we know, that the price of cattle would be affected, the price of hogs also, and cream, butter, cheese and all by-products of milk.

In order to get a more complete history of our subject, we must go back to 1920-21, when there was a change of administration and Congress passed a farmers' emergency tariff to stop the importation of foreign products which were displacing American products and depressing all prices.

Under this act exports grew from $3,332,000,000.00 in 1922 to $5,241,000,000 in 1929, and our imports from $3,113,000,000 in 1922 to $4,339,000,000 in 1939.

In 1933, the present administration came into power, and in 1934, the treaty making power was transferred as heretofore stated.

Treaties were entered into with Canada and some twenty-three other countries. I shall not go back to quote you figures, but it will be sufficient to give you some recent figures.

Take the item of cattle. In 1934, we exported 9,968 and imported 59,000 head. In 1935 we exported 3,348 and imported 365,000 head. In 1936, we exported 4,240 and imported 309,000. In 1937 we exported 4,132 and imported 494,945. For the first nine months of 1938, we imported 295,000 head and for the first 9 months of 1939 we exported 2,203 and imported 604,015 head.

Now let us turn to live hogs, they go well with dairying. In 1934, we exported 3,052 head, and imported 8,000 pounds of live hogs. If they weighed on an average of 200 pounds to a hog, it would be 400 head.
In 1935 we exported 303 head, but we imported 3,414,000 pounds, or at an average of 200 pounds to a hog over 17,000 head.

In 1936, we exported 202 head and imported 17,446,000 pounds, or at 200 pounds per head, 87,230 head.

We have heard much about canned meats. In 1934 we exported 16,362,000 pounds and imported 46,781,000 pounds. In 1935 we exported 12,564,000 pounds and imported 76,653,000 pounds. In 1936, we exported 13,348,000 pounds and imported 87,959,000 pounds. In 1937, we exported 13,752,000 and imported 88,087,000 and for the first 8 months of 1939, we exported 83,404,580 pounds and imported 93,228,235 pounds.

Now, let us take up a more interesting article—butter. In 1934 we exported 1,253,000 pounds and imported 1,220,000 pounds. In 1935 we exported 958,000 pounds and imported 22,675,000 pounds. In 1936 we exported 826,000 pounds and imported 9,874,000 pounds. In 1937 we exported 800,000 pounds and imported 11,111,000 pounds, and for the first 8 months of 1939, we exported 1,285,344 and imported 702,500 pounds of butter.

I have saved the most interesting item for the last—Cheese. In 1934 we exported 1,377,000 pounds and imported 47,533,000 pounds. In 1935 we exported 1,152,000 pounds and imported 48,923,000 pounds. In 1936 we exported 1,136,000 pounds and imported 59,849,000 pounds. In 1937 we exported 1,156,000 pounds and imported 60,650,000 pounds. The first eight months of 1939 we exported 984,919 pounds and imported 31,851,078 pounds.

One item you will be interested in—that of corn. In 1934 we exported 2,987,000 bushel and imported 2,959,000 bushel. In 1935 we exported 177,000 bushel and imported 43,242 bushel. In 1936 we exported 524,000 bushel and imported 31,471,060 bushel. In 1937 we exported 5,834,000 bushel and imported 86,337,000 bushel.

Hay. In 1934 we exported 2,185 tons and imported 23,259; 1935 we exported 2,718 tons and imported 67,171; in 1936 we exported 2,161 tons and imported 73,976; in 1937 we exported 41,400 tons and imported 146,149.

The farmers and dairymen are interested in their surplus barley and barley malt, of course, is made from good Wisconsin barley. I find that we exported 48,412 bushels of barley malt during the first 8 months of 1939 and imported 76,347,792 pounds.

Another item that goes into feed of the dairy farmer is that of oats, and I find that we exported 182,202 bushels for the first 9 months of 1939, and imported 1,759,553 bushels.
I know that you will bear with me for a few minutes if I discuss an item which truly may not be classed as a dairy product, but which affects the products of the dairy farmer materially, and that is the fur industry in Wisconsin and throughout the United States. If our fur producers in Wisconsin are prosperous, there is a good deal of money to be spent for dairy products, and if they are bankrupt they can buy just that much less. I find upon investigation, including the silver and black fox, which are very predominant in this State, and also the red fox, and all other kinds, that we exported from this country 43,804 during the first 9 months of 1939 and we imported 556,859. During the same period we exported 148,973 mink skins and we imported 739,251. These were all undressed furs. Now, the dressed and dyed fox, both silver and black, for the same period, we exported 817 and imported 54,712.

The fur dealers of Wisconsin have sent protests to all of the Wisconsin delegation showing that they are going to be absolutely ruined and bankrupt unless the Government does something to protect them through an allotment of a certain amount that may be imported into the United States. We produce in Wisconsin very high class furs, while a large majority of furs imported from foreign countries are of a cheaper type. I could go into a number of other articles affecting the dairy farmer, but I feel that I have given you sufficient facts and figures to give you some idea of whether we really are benefited by Reciprocal Treaties, or not. Of course, the sole purpose of entering into these Trade Treaties was to assure us that our exports would increase decidedly with the countries with which we made the Reciprocal Treaties over those with which we did not have any treaties. Facts and figures do not bear out these promises, because for the first nine months of 1939 compared with the first nine months of 1938, a great increase in agricultural imports into the United States and a great decrease of agricultural exports from the United States has taken place. In the first nine months of 1939 we imported farm products for consumption in the amount of $794,700,000.00, while in the same period in 1938 we purchased farm products in the amount of $711,600.00. For the same periods our agricultural exports declined from $602,700,000 in 1938 to $418,400,000 in 1939.

You can take the item of corn alone. During the first half of 1938, $30,000,000 of corn was exported to Canada, but less than $1,000,000 worth was exported in the same period in 1939.

I want to take just a little of your time to cite a few instances comparing the average exports in 1934 and 1935 with 1937 and 1938 to show whether we have been benefited by these Trade Treaties, or not, and to do this I am going to call your attention to countries with whom we have Trade Agreements, and those with whom we
do not have any. Let us first turn to Latin America. For instance, in the case of Colombia and Guatemala the exports increased 84 and 18 per cent, respectively. These are both treaty countries. However, our exports to Venezuela, a non-treaty country, increased by 161 per cent. On November 7, 1939, we signed a Trade Agreement with Venezuela. Of course, the state department does not give this information in their releases on the Trade Treaties.

Now let us take two other countries, similarly situated—Brazil and Argentine. We have a Treaty with the former, but did not have any with the latter until November 6th of this year. Our exports to Brazil, the treaty country, increased 56%, but exports to Argentina, a non-treaty country, increased 97%.

We will now turn to Europe, and see what kind of a comparison we find there. We have a trade treaty with Sweden, but not with Norway; yet our exports to Norway increased in almost the same percentage as in the case of Sweden 80 per cent as against 81 per cent. Thus, all we got out of the treaty with Sweden, after making numerous concessions to her in the American market at the expense of our own producers, was a 1 per cent greater increase in exports than to Norway.

The great conservation program of the Government, which I have always been interested in, but rather doubtful as to any benefits to be gained from it, we have taken out of production 40,000-000 acres of land, and have been paying the farmers for not producing on it, is offset by placing into use some 67,000,000 acres through irrigation and other means of placing land into production.

You may be interested in knowing just how this distribution has been made, and who is getting the money, and the expense connected with the program, which most dairy farmers have participated in. I would not give this to you, but it enters into the Reciprocal Treaty set-up, because it takes out of use land in this country that we could produce the farm products on that are imported into the United States.

During the years 1937 and 1938 there were approximately 6,000,000 farmers in this country; 3,657,000 of these farmers and landowners received benefits under the soil-conservation program. About $315,500,000.00 was actually spent in payments to the farmers for soil conservation, and $43,500,000.00 for administration expense.

If the $315,500,000.00 were evenly distributed to those who complied with the soil-conservation plan—the average payment would be approximately $100.00.
But here are some figures to which I want to direct your particular attention. Out of 3,657,000 farmers—1,091,540 or almost one-third of them—received less than $20.00 each. There were 773,000 who received between $20.00 and $40.00 each; 500,000 who received between $40.00 and $60.00 each; and 556,000 who got between $60.00 and $100.00.

If the one-third of all farmers who received less than $20.00 annually, averaged as much as $15.00 each—and that is a liberal estimate—$15,000,000.00 would pay their bill.

If the 774,000 farmers who received between $20.00 and $40.00 each, received an average of $30.00—$22,000,000.00 would have paid their contracts.

Then, as to the 500,000 farmers who got less than $60.00—if they received an average of $50.00 each—$25,000,000.00 would pay them.

Then we have 556,000 farmers who received between $60.00 and $100.00. If their average payment was $80.00—and this is liberal—they would have received $44,480,000.00.

In other words, with $107,000,000.00 we paid approximately 3,000,000 farmers. Or putting it another way, 80 per cent of all the farmers received less than one-half of the funds allocated to the farmers and farm operators. Just think of it—only a comparatively few of the 3,000,000 farmers got as much as $100.00! As a matter of fact, they received an average of less than $50.00 each.

Furthermore, it took approximately $18,000,000.00 to pay the administration expenses in Washington and in the States, and it took $26,000,000.00 for county expenses, making a total of $44,000,000.00 for administering the fund.

This is more money than was actually paid to 1,800,000 farmers, being more than half of those who participated in the program, and who got less than $40.00 each. These farmers received thirty-eight and one-half million dollars, and it took $44,000,000.00 to administer the fund.

After deducting the $107,000,000.00 which was paid to the 3,000,000 farmers, we have a balance, in round figures, of $208,000,000.00, which was divided among the remaining one-fifth of the farmers.

So it would appear that the remaining one-fifth of those who took part in this program in 1937 received approximately $200,000,-000.00, or two-thirds of the amount actually distributed in soil-conversion payments.
I have given this explanation to you because so many farmers get the idea that they have received, or are receiving, a large amount of money from the Government, while in fact it is a very small amount considering the tremendous increase in the tax burden during the last 10 years. You may be interested in knowing the amount that the State of Wisconsin has received during 1936-1937 and 1938 for the Agricultural Conservation Program. In 1936 Wisconsin received $11,307,000.00; in 1937, $8,134,000.00; and in 1938, $9,777,000.00. In 1933-34 the Government through the Federal Surplus Commodities Corporation bought in the open market in round figures $14,000,000.00 worth of dairy products for the purpose of supporting dairy prices and distributed them through the relief administration. In 1934-35, between $5,000,000.00, and in 1935-36 a similar amount was used for the same purpose. In 1936-37, approximately $10,000,000.00 was used in buying the surplus that was weighing down the dairy markets. In 1937-38 this amount was increased to $15,000,000.00. And for the current fiscal year, the Government in order to relieve the market is setting aside $4,000,000 for the purchase of fluid milk, $2,250,000.00 for the purchase of dry skim milk, and $26,730,000.00 for the purchase of butter.

These sums do not include the loans made available to dairy farmers which with the above amounts aggregate an approximate total of $44,000,000.00 provided by the Federal Surplus Commodities Corporation for the relief of the dairy industry during this year.

I have given you a number of figures, which I doubt very much you will be able to retain for any length of time, but they are fresh in your mind now, so let us see if we can find any reason for the great increase in imports of agricultural products into this country since the new treaties have been entered into.

Let us take up the first item,—that of cattle. Under the Tariff Act of 1930, those weighing less than 700 pounds imported into this country, the tax was 2½c per pound; those weighing 700 pounds or more, 3c per pound. Under the Trade Agreements the first item was reduced from 2½c to 1½c per pound, up to 225,000 head.

Hogs, under the Tariff Act of 1930, a tax of 2c per pound was imposed for imports. This was reduced under the Trade Agreements 50% or to 1c per pound.

Canned meats, under the Tariff Act of 1930 was 3½c per pound for imports, and this was reduced under the Trade Agreements to 2c per pound.
Butter, under the Tariff Act of 1930 there was an import tax of 14c per pound. Under the agreement in 1935 this was left at 14c, but under the new agreement of November 17, 1938, this was reduced 2c a pound, and is now 12c.

Cheese, under the Tariff Act of 1930 was taxed 7c a pound on imports, and under the Trade Agreement, this has been reduced to 4c a pound, and in some instances cheese that is imported the tax actually amounts to 3 1/2c per pound.

Tax on corn, under the 1930 Tariff was 25c per bushel on imports. It has been reduced under present Trade Treaties.

The tax on hay under the 1930 Tariff Act was $5.00 per ton for imports. Under the Treaty of 1935 it was left at $5.00, but when it was renewed in 1938 it was reduced 50% or $2.50 per ton.

Oats, under the Tariff Act of 1930 was taxed 16c a bushel on imports and under the new Agreement, this has been reduced 50% or 8c a bushel.

I give you these comparisons so that you may see the reason for the price of farm products going down in the United States. If our own farmers had been permitted to produce the farm products that have been imported into this country by foreign countries, then the prices would be much higher than they are now; but when foreign countries, who pay about one-tenth or less for the cost of production of these products than we have to pay to produce them, then they can ship them in here under the present tariff and undersell any of these farm products that our farmers can produce.

I have refrained from criticising anybody for present conditions, but I feel myself personally that the tariff on farm products should be high enough so that the American farmer may get the cost of production plus a reasonable profit before permitting the goods to be shipped in from foreign countries that have been produced by cheap labor. Anyone who has been privileged to visit these foreign countries, and can compare the standard of living of those countries with our own, will realize at once that we cannot possibly compete with them.

I want to take this opportunity, in closing, to again thank you for the privilege of appearing before you, and for the splendid attention that you have given me while I have discussed, what to you is the most interesting, but to most people a very dry subject.