

## Interview with Harold Steele

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Interviewer: Don Shandrow, ALPL Volunteer

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Shandrow: I'd like you to give me your name and your date of birth.

Steele: I'm Harold Baker Steele. I was born in the summertime—the eighth of July, 1922.

Shandrow: Can you tell me who your parents were?

Steele: My parents were—my mother was Georgia Baker Steele, and my dad was Forrest George Steele. And I would also, out of—to be more exact, I was born in Sublette, Illinois, which is in Lee County. Born in Sublette because my mother'd heard that this was the place where a special doctor, who had created something called "twilight sleep" so a mother could actually enjoy birth. So I became a joyous first birth (laughs) to my parents.

Shandrow: Well, then, can you tell me about this farmstead?

Steele: Yes. My great-grandfather came to Dover in 1848 with his siblings and his widowed mother. They came from the state of Ohio, where his father had been accidentally killed in the woods. I don't know if the head came off the axe or just what happened, but... Why they came to Dover, we don't know, but nonetheless, that was then a village of 600 people. And he purchased eighty acres in [redacted information] [1873], and his oldest son, my grandfather, then started farming here in—oh, in '73, 1873—started farming in 1874.

Shandrow: And how many acres—?

Steele: He bought eighty acres in that first tract.

Shandrow: How many acres does this farm consist of right now?

Steele: This particular farm is 220 acres.

Shandrow: Okay. It's primarily what kind of a farm?

Steele: [We are now 100% corn producers.] When I grew up, it was a diversified farm, (clock begins to chime) as was true with most of agriculture in Illinois and across the nation. Some differences, of course, when you go to the west, but—. Diversified in that we had a rotation of two years of corn, next year oats seeded to alfalfa or clover. [The fourth year was hay and pasture.] We had livestock and grain, and the livestock consisted of a dairy herd, hogs, and a lot of chickens, and a potato patch—shortly it was a field. We raised our own fruit and vegetables. And the only time that we, my mother and dad needed money [for food] was to buy flour, and sugar, and salt and pepper, and coffee, and that sort of thing, for we had raised all the other things. (clock stops chiming) And they would barter the eggs that we didn't use and sell the cream that we didn't use, to cover the groceries. We call that "diversified agriculture." And that was true since the Pilgrims came, and even before the Pilgrims. The first settlers from Europe were certainly diversified agriculture, up until about World War II. Then it changed dramatically to a business and specialization. [I'm speaking of the Middle West. 'Don't know about the rest of the country.]

Shandrow: Your father had given you some advice about farming that you shared with me some time ago about hogs, in particular. Could you share that advice?

Steele: Well, Dad grew up on this farm. He was 100 percent farmer from a young lad until he retired. He so loved agriculture, and he loved the kind of farming that I've just described. When my wife and I came home—and we were married overseas—he said, "Harold, the only advice I give you as you farm is don't get married to a bunch of dairy cows." And so I took that advice. (laughs) But he had a work ethic. He didn't have to explain it to me; we grew up with that work ethic. He had great management skills, and he also created and developed another skill of investing his money—any excess money—and he could ring it pretty tightly and not waste. He would invest in the stock market. And his one brother, his life was spent in Chicago as a life insurance agent. And from when I was a youngster, I would hear my dad discussing the business of life insurance with investment. And he'd say, "Andrew, you're, you're short-suiting those that buy life insurance from you because you should explain to them they can make more by investing their money in the stocks and bonds than they can buying life insurance. Everyone's going to die, but you prepare yourself for death by investing and creating a larger degree of wealth." So I remember those discussions so well, (laughs) but I'm afraid I violated that principle in my own life. (both laugh)

Shandrow: You joined the military—or were you drafted?

Steele: No. [I was not drafted.] In my sophomore year at the University of Illinois, I enlisted. I had taken—I was involved then in the second year of ROTC - Reserve Officer Training Corps, and I enlisted, and that class then was

permitted to spend one more year at the university, and then we all went on active duty. So I did enlist and went active duty.

Shandrow: And where did you serve?

Steele: I was—first I was—first went active duty [in June, 1943], went over to Michigan [to Fort Custer; then] to start my [basic] training in Fort Sill, Oklahoma, in the artillery. Then back on campus under the Army Specialized Training Program [ASTP] because the United States leadership at that time believed fervently that we were short of engineers and that we needed to create and develop and educate quite a corps of good engineers in our nation. But after we'd been there for I suspect about, oh, half a semester, they decided they had all the engineers they needed (laughs), and we went back to Fort Sill, in the artillery [as a cannoneer]. And just as I was going to go into training for officer candidate in the artillery—up until that time I'd been on a gun crew, the old French seventy-five millimeter,—they [top command] decided they'd had all the artillery officers they needed, and they needed more infantry. So we were shipped into Fort Benning, Georgia. Basic training in infantry and then officer candidate school in the infantry. Graduated from that school then in October 1944. So I was in training from June 1943, and active duty, until October '44, and this whole period of time covered the area I've just explained as being trained in both artillery and infantry.

Shandrow: Where did you serve in Europe?

Steele: Then, so I joined the Eighty-Third—the Eighty-Ninth Infantry Division in North Carolina, and they were in their final training for combat, and we then shipped overseas December 1944 to Europe, heading for England, and we were in convoy, about thirty-six ships. Heavy seas the whole trip. So it took us twelve days to make the trip in those heavy seas, and during that particular period of time, the Bulge broke loose. This was the German's last, fervent, desperate attempt to hold back the Allied forces, and they lined up their par [ground forces] and penetrated the American forces over there in Belgium. And so our division, then, was diverted from landing in England to landing in Le Havre, France. And then we debarked at night from the ships, getting ready to go up into combat, but our artillery hadn't arrived, so we had to stay and train some more, waiting for artillery. So we actually got into combat there in Belgium and France and Germany.

Shandrow: You met your wife in Europe.

Steele: Yes. [I need to explain.] Now, after hostilities, the war was over, and we then moved our division back into France. We were processing troops going to the European—going to the domestic, back to the States, and [the other troops] also being shipped to the Far East, to get ready to fight penetration and [prepare to] invade Japan. So we were processing those troops. And that was from when the war ended in May until October. The mission was completed

[in October 1945], and then I was transferred to the Eighty-Third Division at Lower Austria, and [redacted information] [later I was assigned] to headquarters in Linz. And then, I was transferred again into Vienna as Chief Agent of Criminal Investigation of headquarters United States forces in Austria. General Mark Clark was in charge. And on a blind date [to attend a party for the Austria civilian employees at the summer palace of the royal family in Vienna], I met my sweetheart.

Shandrow: How long have you been married now?

Steele: We were married overseas, in Vienna, in October 1946, and so this October will be sixty-two years.

Shandrow: Why was she there in Europe? What was the—?

Steele: Margery was from New York City. She grew up in upper-state New York, and after graduating from high school, she lived in New York City [and attended college]. And as she tells the story, “I wondered, What can I do to serve my country?” She said the men on the street were either couldn’t serve because they may have had a very important job for defense, or physically handicapped, or really old. (laughs) So she said, “What can I do to help the country?” And she went to the War Department to make some discoveries and found out something about OSS—the Office of Strategic Services. It was counter-intelligence, and this was the nation’s very first attempt, and very first successful attempt, to gain counter-intelligence to help in the war effort. And this intelligence gathered then would be used to help our armed forces in many very important moves that they were making strategically for the armed forces. And she flew then, trained in Washington as a cryptographer, and she and five or six other ladies then flew from New York over to North Africa. Served in North Africa, Egypt, and then eventually in—oh, she’ll have to tell you the story—one other nation. Greece. Served in Greece. Then, of course, when the war ended, OSS had completed its mission, and CIA was developed. She then [transferred and] went to Vienna and served with General Clark in the headquarters there in Vienna.

Shandrow: So that’s how you met.

Steele: Yes, we met then in Vienna. And that was quite a change of life from serving in uniform, in combat, to working with people in civilian life, and to maintain [law and] order and investigate murder cases and so-forth that we were responsible to, and now I'd met this lovely lady. So I'd had a rounded life, and we've just enjoyed not only the Austrian people at that time, but we had opportunity of getting to be acquainted with another class of people, namely the Soviets, who were Communists and Socialists. So we got—See. You know, as Americans, we take many things for granted. Freedom—freedom’s a word we use by rote, but there we truly learned what freedom did mean. We saw the other imbalance of nations who believed that the top leadership of a

nation was quote “the God,” and the people, the civilians, were only a method of gaining quote “God’s objectives” on planet earth, and it was a rude, wide awakening to us.

Shandrow: We’re going to get back to this in a little bit, but you brought your wife, who was really a city person, to the country and back to farming. What was that like?

Steele: Well, I’d first tell you, Don, that I called home [to explain to my parents of our wedding plans]. And it was seldom you could get a phone, and it was very expensive. So I called home—and this household was on a party line. I expect there were eight or ten [redacted information] [neighbors] on this line. And I called home to tell Dad and Mother that I was going to be married, and Dad answered the phone, and after he answered the phone, I could hear “click, click, click, click, click” when the neighbors all picked up their phones, too. (laughs) I said, “Dad, I can hardly hear you!” He said, “Just a minute, Harold. Now, folks, if you’d all hang up, I could listen to Harold much better, then I’ll call you each back and let you know what the message was.” And “click, click, click.” So they all hung up, (laughs) and Dad and I could converse. So I said, “Dad, I’m going to be married.” “Yes?” “And her name’s Margery Whiteley.” “Yes?” “And she’s from New York City.” And then it was quiet. “New York City?” So that was a rude awakening to the family of what had gone wrong with my [redacted information] [judgment] because they knew that unless I changed my mind, I truly was going to be dedicated to the farm. I really wanted to farm. At the same time, Margery called her mother in New York, and her comment was, “A farmer?!” So there was this anxiety, I’m certain, with both of our sets of parents, that that’s a real big question here. Certainly Margery was going to have many, many changes in life. And she did, but she has been a great sport in adopting to this new way of life, and she really loves it in the country.

Crew: Let me pause for just a second, here, gentlemen.

(pause in recording)

Shandrow: —and don’t—you know, just—

Steele: Do you want to get back into combat any?

Shandrow: I’m probably going to save that to Mark DePue. I think that is a huge story in itself, and I wish I could explore it right now. (laughs)

Crew: We’re good to go again. If you’ll clap, please. (clap) One more handclap, please. (clap) Thank you.

Steele: Also, I don’t know if you want to cover this, but in Vienna, with CID, like I told you, where we did take this couple, the greatest ballet dancer of all time,

got them out of Vienna, back in the American zone, but we probably want to cover that another time.

Shandrow: Oh, I don't know. Tell us a little bit about that.

Steele: I better get my thought pattern as to what his name is first. I hate to waste film, but I'm trying to remember a name, but you know, it's one of those things where you—

Shandrow: I'll tell you what. If it comes to you, then we'll—just go ahead and tell us about it.

Steele: Okay.

Shandrow: What I wanted to get to was: moving back to the farm after World War II, what changes that you saw, and basically how your wife kind of integrated into the farm community.

Steele: You know, actually, I left the farm to go down to university in 1940, and I'd be home then just in the summertime in '41, '42. Forty-three, I left for the Army, so basically (clock chimes) there were about seven years when I wasn't here at the farm. Seven years of a far different life. So I lost track of some of the things that my father had been doing.

We did have a threshing run. When I was a youngster, there may be twenty different farmers on this threshing run, but probably when I was in grade school, my father and five other neighbors decided to scale down the size [of the threshing], and they bought their own threshing machine. And originally I started out as a water boy, carrying water [to all the crews]. In high school [years], I [redacted information] [hailed] bundles. I drove the team and carried bundles from the field up to the threshing machine.

And that was a period of time where neighbors worked together. When we shelled corn, we'd have a steam engine bring the sheller in, and neighbors would come, and we'd shell corn. And we, in turn, would help others shell [their] corn. It was a time when if you were sick and couldn't work, the neighbors would rally together and come and help. That was the kind of life that we lived. And in the wintertime—like the winter of 1936—very cold, and a lot of snow, and a lot of wind. And the snow might be six and eight feet deep on the roadway, and the neighbors would come together to scoop shovels and scoop it out. And it was so deep that they'd make ledges, and one would scoop up here, and the one up here [on the ledge] would throw it out. And then you'd go to town in convoy, and you'd come back in convoy, so if the road's closed, you could help one another.

So that was the life I was used to. So when we came back to the farm [in 1947], some of that was being changed, to the extent that we no longer had a threshing run, we had a combine. You no longer helped neighbors shell corn,

you had your own equipment and that you hired someone that specialized in this [in a service for hire], and it was more mechanical. So machines were starting to become a greater factor [management], and less labor, more productivity [per person] with the use of machines.

And I remember in those first years I was farming, we raised pigs in the wintertime, in the hog house—the old hog house—and you used heat lamps [for the farmers]. Now, we didn't ever do this before. We had a potbellied stove [in addition] in that hog house. And I still used that potbellied stove, and I slept out in the hog house at night with the hogs, with these heat lamps. And it was one step toward what we know today as confinement hog operation. (laughs) That was the first step. You slept out in the hog with heat lights.

So it was gradual changes, but at the same time, some of the changes were really dramatic. When we came with a combine, that did away with the binder, that did away with shocking oats, that did away with pitching the bundles back [on a hay rack] on a wagon, running them through the thrashing machine, and blowing the straw into a barn or a straw stack outside. You put a —You not only had as thrashing machine, excuse me, [a companion to] the combine, but you also then had a baler. Less work, less work, but more technical. You had to know more about the mechanical aspects, and you had to be sharper with the labor force that you did have because you had to utilize it to far more efficiently.

Then, it was 1960, we started becoming [initially] involved in confinement hog operation. So I would maybe drive 100 miles south, talk to [two friends] George Brauer or Russ Jeckel. Of course, they were they leading edge in confinement hogs, and they started, not with a book, [on their own]. There wasn't any book. They couldn't go to university. They didn't know, either. No one knew. No one. No one at all, on Earth, knew how to [produce pork] to go to confinement [facilities]. So they [these men] had to develop the housing, the breeding, the genetics, the nutrition, air movement, so that the environment within that unit was an advantage to be more efficient in pork production [than previous systems used in the field]. Raise more pigs for litter. You do it more efficiently in conversion to feed grains. They had protein in the pork. The kind of pork that the consumer wanted.

[A primary question to be answered was the quality of pork the consumer wanted.] We would go to Chicago and meet with the processors and say, “What kind of pork do you really want?” And they'd explain. They wanted more lean meat, they wanted larger and more full hams, a larger loin eye. Well, you pay a premium for it. When you produce the quality, we pay a premium. Well, if you'd start paying the premium now when we have some quality, this would instill in us a greater desire [to improve]. So you'd have this interplay. You know, what's first, the hen or the egg? And so we went through this little diabolical sort of thing [during those early stages of achieving a premium payment for improved quality]. Now, see, I mentioned

1960. Well, that went into 1970. About a ten-year period before there was some really assemblance of the kind of environment that really went to the buildings.

Now, my son was born. Greg was born in 1947. He's in 4-H. You talk about 4-H, FFA. He goes to [Ohio State, then] Vietnam, he comes back ready to farm. Talked about going to confinement [hog operation]. I said, "Greg, pork production confinement is safe for the farmers. Now, we know it's gone with the poultry producers. The business interest created a top-down management style, they've taken pork, excuse me, poultry production from the farmers, and now they have it. And as a farmer, you'll sign a contract to produce chickens. But we don't do that. We're in hogs, and this is far more technical. They can't possibly become involved. Little did we know that the Russ Jeckel and the George Brauer and others that came into being, developed this whole system [of confinement] that became so efficient [that corporate agriculture took it over]. It needed capital and management. Aha, capital and management to put up the buildings, and keen management to know how to raise pork in this effort. Little did we realize that those people on the other side of the ledger that had been processors could now see this vertical integration (phone rings) in owning everything from the first squeal to the meal. They could see it because they had outside capital, and they gained their effort and their objective with the heart, sweat, and tears of George Brauer and Russ Jeckel and others that have followed through later on.

Shandrow: Tell me a little bit about George Brauer and Russ Jeckel and how important they were to you in—

Steele: Each of them had this innate desire with the skill of innovation and the follow-through with an idea into reality of what was essential to create and develop a facility. And I'm using the word "facility" now in that of a building or a series of buildings to house animals without straw, without the kind of quote "comfort" we'd grown up with, with deep bedding to concrete, with heat, with air movement - mechanically developed air movement, fans. They had to develop all these things and find a way, with the right slope of the floor, the right kind of floor for [redacted information] [disposal]penetration of the waste. So many, many different things that they would try something. But then Rus'd grin and say, "Now, if you do this, be sure you buy a jackhammer to make a change if you need to because you're going to have to make a change." So with that new building comes a jackhammer to remodel. (laughs) That's the sort of thing. That's only one aspect. Then the genetics. You need an animal with the kind of footage and the kind of bone structure to withstand this concrete floor. You need a nutrition [enhancement]. You didn't have sunlight. You had to feed the animals the grain that you grew, the protein you grew, and certain other additives as vitamins and minerals, so it's not only a balanced ration but a perfectly balanced ration for those conditions.



And then, came the other important thing, as time started changing: marketing skills. You had to have marketing skills. In the old system, you farrowed twice a year, and we knew that the high price for pork was going to be in December [and April]. No longer, because they were farrowing year-round. So this was a whole new book to be written, and I'm saying these early authors were farmers because they were the only ones known [who had the experience].

Shandrow: Well, what happened to the hog business so that you're—by the nineties, you had that drop in prices. What led to that?

Steele: Well, that's where I was wrong. I didn't think that Big Business (laughs) could ever follow the poultry business in pork, but it did. Nineteen-ninety-eight, hogs [' prices tumbled,] went to eight dollars a hundred. It cost at that time close to probably thirty-five dollars a hundred to produce them. So it was a dramatic, dramatic loss in the cost of production to what you could get for the live animals. We lost a good many—hundreds and [redacted information][hundreds]—of pork producers because of economic loss. And with that loss, then, came a greater ownership by maybe five producers. Smithfield was, is the largest today. Smithfield is Smithfield, Virginia. We first knew them as [processors of] “Virginia hams,” and they now have a great foothold on ownership of the hog, as I mentioned, from squeal to meal. Others have now followed suit. And just has created a whole different pattern for the farmer. (clock chimes) Remember, as I took Ag Ec 1 at the university back in 1940 and '41, a farmer was responsible for labor, capital and management. Labor, capital and management. And now, today, if you sign a contract [to produce pork], then you're labor. Capital, partly. You don't own the hogs anymore. You're going to own the building. Management? Nope. You're no longer management. You're told what to do and when to do it.

You see, this takes me back to, ah, takes me back to a time of not only seeing how Communists work, but some of the things that they [redacted information] [did]. And I was out in southern Siberia, 1978, talking with a farm manager through an interpreter. And I said, “How in the world do you manage 50,000 acres?” He says, “Very simple. Moscow tells me [what to plant,] when, how, who's going to help me, how much I [redacted information] [would] receive for the product, and [I must] [redacted information]to make a profit. Impossible for me to make a profit. Everything else, I'm told what to do, so I do it.”

So now [here at home, 25 years later], as an example, I was sitting in a group of fifty [farmers, agribusiness leaders, academicians, and other business people] in a certain setting here in Illinois—central Illinois—and the speaker was [and executive with] Smithfield—a representative of Smithfield. And we were told, “Now, when he speaks, if you have a question, raise your hand. Don't hold a question.” And within a few seconds, he said, “In order to guarantee to the consumer today quality of pork and quantity of pork, you

have to have vertical integration.” Well, that turned my old mind back to what I’d seen before in Europe, and I immediately raised my hand. And he said, “Yes? What’s your question?” I said, “First of all, am I correct in believing that you said, ‘In order to guarantee to the public—the consuming public—quality and quantity of [pork] production, you had to have vertical integration?’” “That’s right.” I said, “Then would you please explain to this audience”—and the audience was made up of the dean of the College of Agriculture, heads of agriculture commodity groups, farm organizations, and others—I said, “Would you explain to this group why a pork producer should sign a contract with you, which is the very system that proved to be a total failure in the old Soviet Union?” His answer? “Because that’s the only thing that will work.” Now, I had two great disappointments. Number one: his, his selfish explanation of why this was good for Smithfield without even considering the producer, only as a means to the end. And the other disappointment that I had was that no one else in the room challenged him.

This is America. I believe so fervently in our country. I am so grateful to be an American. I am so thankful that those creators of our Constitution based upon the Declaration of Independence. And when you read the Declaration of Independence, those skillful minds very meticulously and carefully and thoroughly described the conditions living under the British.. The excess taxation, the cruelty, the mistreatment. And they were determined that this was going to come to an end and they were going to create a new nation, so they fought the Revolutionary War. And when you read the statistics, more than 50 percent of the people [, colonists] were opposed to that war! And I say that with a smile because I’ve said this, too: “Who the Sam Hill wants to go to war?” You know, that’s the worst thing a person can do is go to war because you’re taught as a youngster you don’t shoot someone else unless it’s for personal defense. So I had a learning curve when I went into uniform, but that learning curve was simply but emphatically this: this, the freedom I inherited, had to be protected, and if I can help, I’m going to. For some reason in that training—and I will correlate this to the last question—the correlation of that training to convince you, the will to win because it’s for your country, your family, and for the future of freedom, and I wanted to go. So when I sat in that audience, many years later—this audience of civilians, this audience of agriculturalists, this audience of [leaders in our] [redacted information] competitive enterprise system that I inherited and all of us in that room inherited [listen silently, without challenging a speaker]—and here is a person who is defying that for corporate business purposes. “That’s the only way it will work.” Fiddlesticks!

Because American farm families in the previous years had proven that our productivity was second to no one in the whole world but America was number one. And now along comes deep pockets, a selfish attitude, and set their own rules. That’s called the Golden Rule: we’ve got the gold, and we’re setting the rules. And I am not about to kneel to that, but it’s fast leaving our society. Hogs now are practically about 90 percent owned by corporations.

We're out of the hog business. We sold our operation to four fellows that are going to try to make it, and I hope they do. And the same thing is true with some other species of livestock, and now getting into grain. Contract grain sellers. Ugh. To me, that's taking the lifeblood out of agriculture. When you talk to—back to the armed forces, back to the drill sergeant, back to the generals—General Eisenhower, as an example—“What's the number one soldier?” “A farm boy because they learn the ethic of work; they learn how to make do with what you have; they learn that there's certain skills of creation, creativity, innovation.” And not many professions outside of agriculture requires that of each person, because it's more of a tunnel. If you're a lawyer, you're a lawyer. If you're a life insurance salesman, you're a life insurance salesman. If you're an engineer, you're an engineer. A farmer is so broad—and I'm not saying that other people aren't important—not at all—I'm just saying we were blessed to grow up on a farm where you had to make do with what you had, and you had to be innovative and skillful and accomplish so many different skills, and the only way you can do it is if you are born and raised on a farm, with few exceptions.

Shandrow: The industrialization of farming, that's what you're talking about. How do you see that affecting farming, going forward into the future?

Steele: Well, it's changed a lot. My dad—well, first of all, when you look in the museum, I have some hand corn planters. You plant one hill at a time: bam, bam. Today, there's a thirty-six-row corn planter going six and a half miles an hour across the field. Wow, wow. A combine will come in with twelve-row header—wow. It used to be by hand, an ear at a time. The Industrial Revolution made it possible for the Agriculture Revolution. How far will it go? We were talking about that the other day. To those of us who remember picking corn by hand—and I didn't pick very much, but I had picked some—to have seen a two-row corn planter with two horses, yes. Cultivate one row of corn at a time? Yes. And now, so much productivity. One person and his wife can do 1,000, - 1,500 acres. Skill in management. It will go further. The GPS system—from the Defense Department. Turn a tractor around with that plow. The neighbor has it. You can see that row, and there's not one, even one little twiggle in it. It's just as straight as a die. Combine—so efficient. And how much more we'll go? Only imagination can perceive.

A few years ago in *Prairie Farmer*—*Prairie Farmer* magazine—the top front cover: “State of Illinois.” It had four lines, as I recall. Four farms in Illinois. Can there be four farms in Illinois? Well, when we read about what's going down in South America, in Brazil, it's not unusual for them to own 350,000 acres a person. Three hundred and fifty thousand acres. Can they go more? Yeah, I expect they can. How is that possible? Careful management, a source of credit—reliable source of credit—certainly some key people.

Shandrow: Does this put this into the hands of people you're concerned about, though?

Steele: You bet. You bet. Well, you've heard what I've said about hogs. To me, that is catastrophe. It's going to be a worse catastrophe for grain. Who's going to own the land? Remember labor, capital, and management? You end up being labor, they tell you what to do, they want to use your skill as a manager until you have developed for them another shortcut, then they're going to cut you out and lose that shortcut with fewer people. "They" meaning top-down management, "they" meaning—I'm saying the old Soviet Union system.

In America, that is not within the confines of our Constitution. We do not have that possibility, so far as laws are concerned, because in the executive branch of federal government, "Prevent Monopolies." And there's teeth in the laws. There's teeth in the procedures. In GIPSA, under the USDA, there are those individuals that are responsible to prevent some of these things happening, and they're not following through, either Democrat or Republican. Why? We don't read about it, we don't hear about it from the universities, we don't read it in the paper, we don't hear about it from our politicians—you have to find out for yourself. I say, "Bad, bad, bad. Why?" Again, that's not what I learned. That's not what I was taught. You know, I was also taught you believe your preacher, you believe your teacher, you believe the judge, and you don't challenge them because they are beyond being challenged because of their honor. Not so, anymore. Saw a difference when I came back from World War II. Saw a difference when I went to church, and I found out shortly that I had to challenge that person behind the pulpit. I found I had to challenge the dean of the College of Agriculture: "Why aren't you telling this to we the people?" Because Abraham Lincoln signed into law the land-grant college system during the depths of the Civil War. That initial penetration was to permit more and more underprivileged to go for higher education. Thank you, Abraham. Wise. The land-grant college system. Following that came the extension service, to spread to the farmers a better way to be more productive, an improvement in procedures. Marvelous. But now, the farmer isn't the high priority, the number-one client of the College of Agriculture. He's not the number-one client. It's the person over there in the select offices where they built new facilities on Urbana-Champaign campus. I don't speak about the rest of the university; I'm saying to agriculture. That's what I'm most acquainted with. With all due respect to professors, with all—that are there for purpose—that are not selfish purpose—because we read about certain professors there for selfish purpose, that are not within the Constitution. Say "freedom of speech," but honesty has to be part of freedom of speech, or it shouldn't be permitted. In the olden days, you hung from the oak tree 'til dead for treason, for some of the things that are going on today.

Shandrow: You said that when you came out of the service, that you had this desire to help, to be part of a bigger picture. What was the start of your involvement with the Farm Bureau?

Steele: In the county Farm Bureau. I remember I was right out by the shop on this sunny day, and my neighbor—about three miles away, Dutch Pearson—drove

in, and he said, “Harold, it’s your turn.” And I said, “My turn for what?” “Represent Dover township on the county board Farm Bureau.” “What do you mean, Dutch, my turn?” He says, “Cause I’m retiring and I’m saying you should take my place.” And I said, “Well, who’s going to decide that.” And he said, “I’ll put your name in and the membership will decide. The membership will vote. If they vote for you, you’re in. If they don’t, somebody else would be in. But I’m saying I would like for you to permit me to put your name in.” So that was probably about nineteen—in the fifties. Well, it so happened that Dutch, as he looked to the future and decided that he’d served long enough, he was looking around for a candidate and picked me, and that’s what happened. And so I then served on the board and served through the chairs and became county president.

And then in 1970, there was a vacancy of vice president in the state. And Greg had just gotten back from Vietnam. He was a squad leader, light infantry, in Vietnam. The helicopter would take Greg and his men into the jungle area, drop them off, helicopters, and they’re by themselves. He had tough duty. Well, he had just gotten back. I said, “Greg, there’s going to be an opening for vice president.” I said, “I want your input here.” I said, “You know, you went to Vietnam, you went into training, you’ve been gone two years and now you’re back. You were just not too long out of high school when you left, and you went to a couple years’ college, and you were drafted.” I said, “It’s for vice president. If I’m lucky, if I’m elected, I’ll only be gone maybe, you know, three or four days a month, for a meeting and some other duties.” “Oh,” he said, “Sure, go ahead with that.” So I put my hat in the ring—and I think there were five of us that were candidates for vice president—and I happened to get the lucky chord, and I was elected vice president.

Well, that was in November of 1970. In December, Bill Kuhfuss, the president of the Illinois Farm Bureau, and Charlie Shuman was the president of the American Farm Bureau, and at the annual meeting, Mr. Shuman surprised us all by saying, “I am resigning as of this meeting. I have another year in my tenure, but I’ve decided that it’s best that I resign now. I have other things to do, and this is my decision.” And it was like a storm cloud: boom. So we hustled the forces together and nominated Bill Kuhfuss to take Charlie’s place. And I gave the nomination, and Mr. Kuhfuss became the new president of the American. I hadn’t even been in the boardroom yet at IAA, until that convention was over. We came back for a meeting, and the board then had the authority to [fill the vacancy of president], name me then as president. So my first meeting was being in the boardroom the first time, and now I’m president. So it happened. So I said, “Greg, things have changed. I’m going to be full-time now.” So this put a big load on his shoulders, taking over the operation of [grain and pork production]—we had a hog confinement unit. Not too much confinement at that time; we were just getting involved with it. And uh, so he took over the farm, and now he’s farmed longer than I have.

Shandrow: What were your duties as president?

Steele: It's one of the most complicated structures that one could imagine. And I want to answer you two ways. The duties was, first of all, chairman of the board. And the board meets every month, generally three days a month. I was also Chief Executive Officer. And the Farm Bureau in Illinois has several affiliated companies—quite a number of affiliated companies, including the Country Insurance Company, a holding company, and then other companies. Prairie Farms is affiliated, GROWMARK and their responsibility there. And the oldest company is the auditing company. And at the time I was there, we also had a livestock-affiliated company, but it's gone now. So, it's a diverse organization, but each of these companies, each of these affiliated companies, are there for one purpose, and that's to serve the farmer member. Serve the farmer member. So that's really the marching order: serve the farmer member.

And there are eighteen IAA board members [each of them are operating formers], very, very dedicated to the organization, dedicated to the business of agriculture, and through their skills, individual skills, they too, then, have been selected by the [redacted information] [members] in their district to represent that district, and thence the whole state of the organization in its responsibilities. Then also, I served as a member of the American Farm Bureau Federation board of directors. That board, again, is elected through regions. We have four regions. This is the Midwest region with twelve states. And I would say it's very important. The Farm Bureau structure is much like our political structure in America. It's a representative form of government that we have. A representative form, so if we're unhappy with a representative or a senator, look in the mirror. Look in the mirror. Who are we picking? Who are we voting for? Do we know who we're voting for? The Farm Bureau, representative structure, as a whole—the IAA board as a whole—responsible for the state. The same in Washington, the Senate and the House, responsible for the nation. To their electorate, yes, but America under the Constitution. The Farm Bureau has its Constitution. Has its—very much its marching orders, its procedure, what it believes in as determined by the delegate body. Very similar, and that's the reason I felt so strongly about it. That organization works for number one, the client, the farmer.

Shandrow: On a personal basis, that meant you having to spend a lot of time down in Bloomington.

Steele: Full-time. Absolutely full-time. I couldn't have done it had it not been for Margery and Greg. Couldn't have, just couldn't. Margery stayed here [at the farm]. She's a—We created, eventually, a farmer, a family corporation, and she was secretary-treasurer. Greg was, is the managing partner. And again, their skills are tremendous. And that's the way it's gone. And as I say, Greg has farmed longer than I have.

Shandrow: How many years were you president of IAA?

Steele: Thirteen. For thirteen years.

Shandrow: If I could ask you to name those things that you feel were the legacy of your presidency, what would they be?

Steele: When I went there, I got a feel of the responsibility. I would correlate to what I felt as a farmer and as a county president, some change that needed to be made. One was information [to the membership]. At that time, we had a monthly publication. “We” meaning the Farm Bureau in Illinois. And I talked with the information director and I said—his name was Bill Allen—I said, “Bill, we need to enhance this. Once a month isn’t enough communication with the [member] farmers. Things are going on too rapidly; there’s too much activity. We need to create some kind of a publicity, a publication that’s more frequent, with up-to-date news, with up-to-date challenges, with up-to-date information.” And he beamed. He said, “Hey, good for you! I’ve been thinking about that a long time. Let’s do it.” So we have *Farm Week*. It didn’t happen that quickly. But there was a skill of a staff person that had been thinking of it from his personal responsibility, where I’ve been thinking of it as a farmer.

Another one: marketing. I was all of a sudden realized that that December high time for hogs was no longer true (laughs) and I was doing a poor job marketing. But we converted all of our grain into meat, feeding cattle, feeding lamb, but mainly pork. So Dale Butts. Dale Butts, we know that Butts name from Earl, who was secretary of agriculture. Dale was the youngest brother. Dale came into Farm Bureau in marketing. He’d been to —got his PhD in economics. And I’d talk some of these thing about Dale, and he beamed. He said, “Yes, there’s lots of room. We need to develop a system where farmers can sell in the upper fourth of the market, rather than the bottom quarter of the market.” [The current Agrivisor Service was created.] And of course, all these things go to the board, and many things go to the delegate body.

The next thing I looked about is leadership. I’d mentioned the Army. And people have said, “What’s the most important thing that has happened to you in developing years?” And I thought of grade school, high school, university, and the Army. Army. They taught me. They drummed into me many, many things in the way of leadership. Pride of country—oho! They didn’t say you have to, but it’s the leadership that caused you to recognize why they had dedicated their lives to the armed forces, to protect the freedom. Protect the freedom. Always reminded me of a youngster. Little village of Dover a quarter-mile away. As a youngster, on Saturday, my buddies would come down, and after the harvest, the straw stack was out there, we’d play King of the Hill—not when Dad saw us, you understand, because you stayed off there. (laughs) The King of the Hill. Who can be on top of that straw stack? Everybody else going to push you off. Just one King of the Hill. And I’ve thought of that, many times since. America is King of the Hill in the world. We’re the only one that has a kind of government where the people are the objective. Number one, freedom of the people. A will to win, a system where you can, in agriculture, get rich or go broke. The risk is with you, but you

have that opportunity of risk. That's the thing that stuck with me in the Army: a will to win with a mission, and that's protecting that freedom. (clock strikes) Now, along comes in vertical integration. "We'll tell you what to do." Uh-uh. That violates the very principles of people who give their life for their country.

Shandrow: Did you ever have to come head-to-head with that kind of a system when you were president of IAA?

Crew: We need to hold that thought while I change tape.

Shandrow: Okay.

Steele: The hour's up, all right.

Crew: Yep, it flies by, doesn't it?

Shandrow: You're an easy interview. (laughs) I'm thinking of a—

## Interview with Harold Steele

AIS-V-L-2008-031

Interview # 2: June 17, 2008

Interviewer: Don Shandrow, ALPL Volunteer

Steele: When it finally dawned on me that we farmers weren't being told one lousy word about what's going on and this change. We were in the dark. Hogs went to eight dollars. Why? The only thing you can read is an economist from the university or someone else: "We don't understand what happened. We have no idea what happened." That was a lie, and I hate to say it, but it was a lie because they knew, but they didn't have the freedom to tell us.

Shandrow: I want you to hold onto some of these thoughts because of the—

Crew: Clap your hands, and we can start.

Shandrow: We're going to start. I want to get back to that question of butting head-to-head with business, agribusiness.

Crew: One hand clap, please, and then we can start. Just do that, please. (clap)  
Thanks. Go ahead.

Shandrow: I'll go ahead and ask the question again. Did you ever feel that there was a point in your tenure as president of the IAA where you came—where you butted head-to-head with agribusiness and the kind of issues that you talked about earlier?



Steele: Well, I was president of the IAA from 1970, December 1970, until 1983 - thirteen years. Remember, now, the years: '70 to '83. I came head-to-head with one group of industry or business in that period, and that was the banking industry, and most specifically, the Farm Credit system. And that was initiated by a knock on the back door here at the farm, and a lending officer from that system, locally, came and said, "Harold, there's a farm going to be sold right up the road here, 160 acres. You ought to buy it. We're going to loan you 100 percent, whatever it brings, because land is going to go to \$10,000 an acre, and you'd better get into it." Repeat, loan me 100 percent. It'd be a collateral loan. And I'd hear other stories. And because of the Illinois Farm Bureau's statewide responsibility, statewide activity, I'd come to know the three presidents of the Farm Credit system in St. Louis. They were responsible, as I recall, Arkansas, Missouri, Illinois, and maybe Wisconsin. Basically that area. Called and made a meeting with their three presidents, and the presidents would be to a bank for co-ops. The farm—the land bank and the PCA's short-term credit, intermediate short-term credit. Maybe there were four presidents. 'Could have been broken into two or three, three or four of them, anyway. I said, "Gentlemen, I'm really, really deeply concerned because we farmers—and now that I have a responsibility in Farm Bureau to keep people informed—we have a responsibility to express to you a real deep feeling that you're no longer carrying out the kind of lending procedure that you used to"—'you' meaning the system—because Farm Credit has earned a championship ribbon of quality loans, and a loan is good only when it's good for the lender and the borrower; otherwise it's not a good loan." I said, "You know that far better than I, but for some reason, you have changed your system." And I told them, knock on the door, give me 100 percent. I said, "Gentlemen, that's land bank. I would have to believe that probably operating loans maybe are that lax, too, and maybe banks or co-ops. I don't know, but I'm saying, it's my absolute judgment, my sincere, honest-to-goodness judgment, that you are no longer a service, a sound service, to farmers. You're taking them on the road to oblivion." Answer: "Don't worry. Don't worry. Everything's in good hands." I'm not saying this to make fun of people—that's not it. I'm not saying that to give me credit—that's not it. I had a staff—we talk, we put things together. But I had a very personal firsthand example to think, "This would be a lousy judgment on my part, to commit my total collateral for not having one penny to pay for 160 acres," maybe then was bringing 3,500 an acre, whatever it was—that was about the top, then. I said, "How could this be?" Again, if I had not have been in the military, I probably would have done it.

The military, I mentioned, taught me quote "leadership." I was naïve, naïve as a little country kid when I went in. A few sergeants taught me some fundamental questions. You don't always believe people. Because I remember—I remember this very well—I was out there in Fort Sill, hot, hot, hot. Finished two years of college, should have known better, but I believed everyone. I believed them. I'd never played poker. I believed people because that's the way I grew up. You believed your neighbor, and as I said a little

earlier, believe the teacher, the preacher, and the judge. And this sergeant said, “Steele, I want to give you a little help. Tomorrow, we’re going to go on a forced march, and then we’re going to go through an infiltration course. That Oklahoma red soil is so hot it will put blisters right on your belly when you’re crawling on that ground. Wear your winter underwear, that’ll give you some insulation.” I said, “That makes sense.” (laughter) The next morning, he said, “Did you do what I told you?” “Yes, sir, sergeant, I sure did.” A little later, he comes up, he says, “Now, we’re going to take off. Take a little red man, cut right here, and that will keep moisture coming in your mouth.” I already had a canteen of water. Now, I worked in the field, I had some of these things, but I hadn’t been in a forced march before. And I was good bait on that one, too, and I put a little red man there, and never had it before. Well, I walked about 200 yards, I said, “I don’t need this anymore,” and got rid of it. (laughs) And when I got to that infiltration, I think I left a muddy trail right behind me as I sweat. I was dumb, naïve. It taught me a lesson: you don’t believe everything you hear.

So when that officer came in here to loan me money, I said to myself, “Steele, don’t be duped into that.” So I talked to the presidents to tell ‘em my heart-felt belief that they had left a trail of quality loans that had been built up from World War I until 19— mid-1970s, and I was assured, “No problem.”

Some time later on WGN radio, the crystal voice of Orion Samuelson, “Folks, I have a little news today. The word’s out that the Farm Credit system’s in trouble, so I called so-and-so”—who was from Wisconsin at that time—“he’s the number-one man, and they said, ‘Understand the farm—’” No, no, no. What I said about Orion is correct, but then he said, “But the media got ahold of the number-one executive, and he said, ‘No problem.’” About two weeks later, Orion’s on again, same subject, same sir. And he said, “Well, we’re studying into it. We’re looking at it very carefully.” The third time Orion came on, he [the CEO] said, “Yes, there’s serious problems in the Farm Credit system. Serious, serious problems, and they’re studying into it.”

Yeah, that’s the one time in my tenure, that thirteen years, where I challenged them, and that was the outcome. I had no reason to challenge anyone in the poultry industry; we have poultry. Didn’t have any reason in the pork industry because it hadn’t taken place; it was prior to that. No, we had this separation. We had—We’ve had all of the agencies functioning—the executive branch in the federal government was functioning under the Packers and Stockyards Act in the USDA. The justice department was functioning, carrying out their responsibilities in holding some of these hoped-for growth factors not to exist in a way of control. Happened after that.

Shandrow: I’m going to ask a kind of a side—

(break in recording)

Shandrow: —you see those changes beginning?

Steele: I've seen them in two different aspects. Number one, pork. When certain companies, certain individuals [became headliners]—Murphy, Murphy from Virginia—been an Ag teacher. Murphy started building units, taking control, ownership, from the squeal up to the point of converting that squeal into meat. Nothing to do with processing. He didn't have that. It was strictly production. That's the first, first head to pop up. Murphy failed because he did not have processing. And who bought out Purfy—Murphy? Smithfield. Smithfield now hold the whole thing, from squeal to meal, had the whole thing. [Smithfield is the largest pork producer in our country.] Then we saw [redacted information] [Cargill] step in, then we saw [ADM, up here in Minneapolis, step in—biggest family, biggest privately-held corporation in United States, maybe in America, maybe in the world—not sure. There are about four of them, big ones. And as they stepped in, one of their major method of stepping is sort of like what I mentioned before with George Brauer.

Now there's a family in Illinois that produces two million hogs a year, but they're in the area of between, in the old days, between the producer and the processor, only in this case, they are the family that has this tremendous skill in not only pork production, but expanding beyond the family to include hundreds and hundreds of producers. Tremendous skill, but in a business arrangement with the parent organization in Minneapolis who has the capital and the system of converting that live hog to a product in the meat market for the housewife. So there's the whole program. But that company is depending upon this family to take care of this very important area, and history would say that family better watch out because when their skills have been utilized, they're going to get a smaller share of the pie, because after all, Daddy has the risk. Ha, ha! You see what I'm saying? Little by little—but you don't read it. Doggone it, you don't read it. I've got a newspaper—a newspaper!—from Montana—eastern Montana—about the second issue, headlines: “ADM fined 500 million dollars” or whatever it was, maybe 550 million dollars “for illegal activities in sweeteners.” And it goes into detail. The judge in Chicago has very definitely found them guilty and fined them accordingly. And then the article says, “You remember, they were fined to a lesser amount for another similar thing X number of years ago.” And then you turn the page. “But ADM has said, ‘We're going to send two of our board members to Washington and see if this can't be modified,’ and they were successful, cutting off so many millions of dollars.” Huh! I knew one of the board members, and we all knew one of the others because he'd been the former premiere of Canada, on ADM board, and I said, “Why do I have to get a newspaper from eastern Montana to find out the news from Chicago and a prominent ADM in Decatur, Illinois? Why don't I hear it on the radio stations, the local one, out of Chicago, out of Springfield, and why don't I read it in the paper?” And I said to myself, “Thanks, Army. Thanks, United States government, for teaching me not to be fooled.” What's going on that a corporation can keep news that's vital to people? Because the same corporation now is selling—we want your contracts

for grain. They've proven themselves to be very, very dishonest, and as we know, one of the family members was moved out. They obviously have proven that they are not honorable. This really bothers me, now that—and other farmers didn't have a chance to see what the scamps are and why they're doing these things. That really disturbs me deeply about my country and about why our members lose their lives to protect our freedom when these scallywags are carrying on like this. Are they controlling the media?

Shandrow: Well, you talked about somebody like Orion Samuelson, who is a major voice in agriculture and who is an advocate for the farmer. Why doesn't he have that kind of voice?

Steele: I can't put myself into Orion's place. I've known him almost since the first day he came to Chicago. Orion is a tremendous person. The only way—and then you know, I'd say, I'm going to guess now, about six, seven years ago, the manager of WGN cut out the noon show. Just cut out the noon show. Today, Orion's on there two or four times [from 12 to 1], except on Saturday [when he is on the air a full hour]. So I wrote a letter to the manager of WGN. I said, "I want to extend my voice to you in the area of agriculture. I'm a farmer, always been a farmer, and a noon show from a city radio station that's so important—WGN, you have a tremendous station, where the tremendous voice, voices of Orion and Max, to keep us up to date on factors in the city that extend over to agriculture, as well as the direct information we need on marketing, and worldwide activities on marketing, and worldwide activities, and what we might expect—it's a voice that's so important, and now it's going to be lost. Please reconsider." I was then advised later that the reason he did that was more money would channel in from other kinds of programs. So using that key, I suspect that Orion has to generate so many dollars to stay on the air. Where's that generation? ADM is mighty important. Others are mighty important. And if thou say one bad word about me, it might go to someplace else. I mean, that's country thinking to me. I, I, you know, say—here, huh, let's take that same question to another area.

And I've mentioned a couple times that there are rules, regulations, and laws with teeth. In the USDA, in GIPSA—it was originally Packers and Stockyards Act, now they've added grain to it, called GIPSA—that department in the USDA has all of those qualities, but they're not being utilized. And the records are very clear, broad, and deep. Many, many requests for investigation. Why my request for clarity to be carried out hasn't been done. Why? No answers, no answers. The inspector general of the USDA said this has been going on for years and gave me all the particulars. Neither party cares. Or the justice department. Again, they have those capabilities and refuse to function. Why? I don't know. I have my suspicions. I have my suspicions. But if I can't prove it, I'd better keep my mouth shut.

Shandrow: We'll go to a different topic. Go back. Jump back to your tenure as IAA president, and you talked about the king-of-the-hill philosophy that you had

about the United States. And somebody had mentioned to me that your particular tenure was marked by increased development of international markets. Can you tell me a little bit about that?

Steele: Yes. You know, as we read the history books, and as I talk to some of my good friends in Southern states producing tobacco, both the history books and these voices say the same. When the colonies first started in this new land, their first product to export for needed goods and] capital was tobacco. Tobacco! That was revered by England; that was revered by the Continent. All they could produce, a great load. But as the country developed more, we had a balance of feed grains with usage. We had all this grassland. We produced beef; we used it domestically. We didn't have the transportation, we didn't have the method of converting the live animals to a saleable product. But about, during, after World War II, this started to break loose more, and we started exporting more agriculture products, feed grains [,cotton, rice]. But not so much [redacted information] [meat], but again, because we didn't have those [transportation facility] features necessary to safely and productively export.

But then with modern transportation and so-forth [allied accommodation] coming into being, it was vital to the resilience and the movement of product to other countries, because we were converting more animals into meat than we needed domestically, we needed a market. So we had several trade missions. Some of those trade missions were to Japan, even to China. [redacted information] Went to Russia [and the Balkan countries]. China, the first time was '78, right after Mao Zedong died. We didn't yet have a diplomatic relation with China in '78; that came thereafter. Somebody by the name of George Bush was our representative there, but he wasn't an official person; we didn't have that relationship. And he said to George—Barbara used to go pedaling down the streets with the Chinese as they built little relationships.

So, yes. That was the early growth. We had ocean-going vessels, and we had air carriers; we can take fresh meats [, fruits and vegetables]around the world [either by air or ocean vessels]. And so we developed, helped develop those markets [even though in small ways].

Shandrow: How much foreign travel did you have to do?

Steele: Minimal, compared to on a daily basis. It would maybe be once or twice a year at that time, and then it grew in to maybe a little more frequently than that. We saw, during my tenure, the last commodity group come into being was the uh, Meat, the uh, Meat Export Federation, at that time headquartered in Denver. I think probably it still is. That was the last commodity group; before that, we saw the pork, the beef, and so forth, as well as now then corn and soybeans produced. So the Farm Bureau acts more as a cohesive agency, trying to bring the groups together.

Shandrow: When you dealt with politicians in your position, and presidents, I would assume, did you have any direct contact, and what presidents did you have direct contact with?

Steele: Well, the closest president I had a [most personal] contact with, President Reagan. This close contact came from two sources: one, being from Illinois, perhaps he felt a little closer to Illinois, and when he ran for president the first time, he had a meeting in Bloomington, and that's where the Illinois Farm Bureau is headquartered, and so through staff, I had a personal meeting with him, and a luncheon. Then my second source was [through] one of my closest friends here at home grew up with Ronald Reagan, and they retained a lifelong friendship. And I remember his name was Light—Light Thompson. I was talking with Light once, and I said, "Light, there are strange things going on in Washington." Four of us had a hour meeting with the number-one man [Paul Volcker, chairman of the Federal Reserve Board] responsible for our monetary system and our balance of monetary system—of course, right now his name slips, a tall man with a cigar. Oh, jeez, I'm ashamed of myself. He was head of the—oh boy, oh boy, oh boy. I'm glad this isn't on film; you'd have to cut it out. Greenspan. Who was ahead of Greenspan?

Shandrow: Bernanke? Or—

Steele: Ahead of Greenspan.

Shandrow: Oh, before Greenspan?

Steele: That's who it was, anyway. And we had an hour meeting with him, and during that hour meeting, I said, "Mr. Chairman, we've come here, really, in a fashion, to help to give you some information that might be [redacted information] [helpful] in your overall responsibility. Agriculture is this nation's number-one industry. We're now at 22, heading for 23, percent interest. This is not only bringing havoc, but it's bringing absolute disaster to farmers. They're going broke; they cannot handle this [high] interest rate. Because the things that produce, the commodities that farmers produce are sold on a market. It's a competitive market, and you take what's offered. You can bargain to an extent, but very little. The representatives bargain for you, and it's a set price, and it's in terrible condition."

Well, after one hour, the chairman said to his secretary, Extend us for another half. And this was the first time that he had heard the agricultural side of this nation's incredibly complex monetary system. And we had what I felt was a very, very productive meeting with him, giving him a first-hand feel of the agriculture's industry's [redacted information] [fiscal]disarray with this tremendously high interest, particularly to those farmers and ranchers that didn't have any (clock chimes) long-term interest fixed.

Shandrow: But how did you become—

Steele: So I called Light. I said, “Light, I don’t think the president’s really got a good fix on what’s going on over there [with our current fiscal conditions]. I just—we should—But I understand the relationship between a White House and this very important part of the government [the Federal Reserve]. They try to stay arm’s length. They’re not part of the executive branch. It’s an independent agency, and it should be.” So a few days later, I came home. Margery said the White House called. I said, “Margery, April Fool’s Day to you [too].” This was the first day of April. She said, “No, I’m serious. The White House called.” Pretty soon, the phone rang, and it was the president. And we made reference to the fact that we’d visited some before, and he said, “I understand that you’ve met with a very important man in our economic system. Would you feel free to tell me about it?” I said, “Mr. President, I would because I think it’s vital that you know as much as I know, and I’m sure the chairman didn’t tell me anything that shouldn’t be public information.” So I related to him our interplay. So we probably talked a half hour, forty-five minutes.

And I said, “Mr. President, as long as we’re chatting—and I know you’re under a lot of pressure to get things done—Mr. President, you made three promises to the people when you were running for president. And I’m mighty proud to have voted for you because I believe what you say is what’s going to happen. And you promised that you were going to have a balanced budget. You promised you were going to strengthen the armed forces to meet the demands of the freedom of our country, and you made a promise of— (whispers, thinking) balanced budget, armed forces—third one.” I said, “Mr. President, you’ve done two, but that balanced budget didn’t really come in balanced.” (laughs) I said, “Mr. President.” I said, “Mr. President.” “Yes, I’m here. I’m listening.” “As a country kid, I’m going to have to believe that there’s one line item that prevents that. That line item is what we refer to now as...” There was a line item in the budget; we call it—of course, then, it spilled right out—Social Security comes under it, Food Aid comes under it, all these things that we are—entitlement! “The entitlement programs, Mr. President. I think that messed up having a balanced budget.” And he was very quiet, and I think that was it. Our entitlements, entitlements, entitlements. The only thing we should be entitled to in America is opportunity. Opportunity. But we the people have gotten into the notion that if we elect certain people, we’ll have more entitlements. And when we look at the authors of our Constitution, one of those authors—and I believe it was Benjamin Franklin—said, “This country will continue to go strong until the people learn that they can vote themselves money; then it will dissipate.”

Shandrow: Some of those entitlements come to farmers, and how do you feel about that?

Steele: Depends upon which ones we’re talking about. If it’s entitlements for soil conservation, that’s for the good of the people, for all of us, to preserve our soil, because we have historically broken up that cover of soil on certain windblown areas, certain soil types, certain topographies, that should not be disturbed, and it should be preserving the soil to put into timber, to put into

grasslands, but not be tilled. That's for the good of the nation. I'm in favor of that. If it's—Right now, I have to believe in the current president when he said, "I will veto the Farm Bill because certain rich farmers, land owners, are getting too much money [from government programs] now, when the [redacted information] commodity prices already are giving them a profit." And I think he has a very valid point.

Shandrow: You became—

Steele: It's called an "umbrella." You know, that's another statement made years and years ago about the signing of the Constitution: "When people want a safety net, they are disregarding the real aspects of this country." A safety net. And I agree with that. A safety net is saying, "I want guarantee," and again, I say, "The only guarantee we should have is opportunity, and if you go beyond this, you better have some very, very basically sound reasons," and I think we don't have. We're all, we're using today by remote, remote expressions: safety net. Baloney. You shouldn't have a safety net unless there's reason to try to overcome these monopolies that exist. Monopolies. We're breaking apart our system; we're bringing it into shambles, in my notion, in agriculture.

Shandrow: You served in Washington, D.C. as head of Farm Credit for four years. Can you tell me a little about that?

Steele: Yes. That's the Farm Credit Administration [FCA], which is separate from the Farm Credit System [FCS]. It's an arm's-length regulator. And I might say that during that tenure, I found out the difference between a regulator—a bank regulator—and a catfish. One of them is a bottom-loving, scum-sucking parasite, and the other one is a Southern delicacy. (laughs) So, when I went into the country and I said to them, "I'm from the federal government; I'm here to help you," they said, "Yes, you bet." So I'm just saying that as this good old symbol of Americanism. I'm from the federal government. I'm not here to help you, I'm here to interfere.

And our duties were simple. Our duties were this: the Farm Credit Administration, the arm's-length regulator, were to keep the system safe and sound, to the borrower and to the lender. So our staff, when I went, there was 500 people. As an independent agency of the executive branch of government, these 500 people—by the most part of the 500, perhaps, oh, 70 percent, 75 percent—were examining the books of all of the lending institutions of the Farm Credit System to make sure that they were within regulations in all details. The new, careful examination within the confines of the regulations, exactly.

Now, the president of the United States at that time, George Bush, said—and Ronald Reagan, President Reagan said this, too—"Relax. Regulators, relax. You have to let the competitive enterprise system function. You don't want to tie it so it's disabled." And I agree with that. I agree with that. But safety and



soundness, no. I'm sure that both of those presidents I mentioned did not include disregarding safety and soundness. [Personally,] I wouldn't even want to drive on the interstate if there wasn't a policeman. Safety and soundness, reasonableness—and that's what then we did, carrying out those responsibilities.

But I'm going to back up just a little bit. What I was going through, with the Senate,—I was recommended by the president to take this position, but the Senate Agriculture Committee, and then the final vote of the total Senate, was required [for confirmation]. And during that hearing with the Senate, they said this: "The largest bank in the history of the United States is now in receivership. It's in Jackson, Mississippi, and it's one of the banks of the Farm Credit System. And it's in receivership, and it's taking the cash from the other banks and wringing them out, and it's part of the demise of the whole system. Will you take care of that if we give you the red light, er, green light?" I said, "I will study it carefully." Now, remember, during this system of procedure, I was not even permitted to go through the gates of the Farm Credit Administration. I was not permitted to talk to anyone. I didn't even know the staff people there—and that's the way it should be—so I would, couldn't promise I would take care of it because I didn't know the [profile nor] capability of the staff. I didn't know the whole picture at all of the Farm Credit System's [potential] insolvency.

Not only did I look into it, but I also found out that I had the privilege of bringing in outside specialists. That's part of the budget; that's part of the authority that I had vested in me as the chief operating officer, chief executive officer. So I did. I brought in two people. Both of them had had previous experience in the [redacted information] [FCA], in the administration. One was an economist. He was a very, very bright person. I'd served with him on a previous committee for two years, and I'd gotten to know him. And that's again, again President Reagan had made me the chairman of an agency to study the financial connection of agriculture and agribusiness to report to the Senate and the House, because it had been a congressionally mandated study. So I had gotten to know John Brayton, an economist from New York. Also, I got to know another person because I brought him into the Farm Bureau as our general counsel. A very, very bright person who was with a firm in Washington, D.C. The firm was headquartered in Chicago. And he had spent a tour of duty as the general counsel of the Farm Credit System. Ha, I thought, Here's two people that I know very well that have those qualities and those capabilities and those experiences—perfect. Within six months, that Jackson bank was taken care of, through the skill of outsiders. Now, the thing that bothered me was this. I had some very, very, very capable people in that agency [FCA], but I didn't, couldn't know them that first day, or that first week, or that first month. If I'd been them, I would have been very disappointed in this new guy for not using my talents.

But I want to take that just a step further. I'd spent thirteen years with the finest executive staff people in the state Farm Bureau in Bloomington. I want to tell you how they great they were, and the best is by example. I had mentioned previously in this discussion today the very, very complex structure of the Illinois Farm Bureau, because it included all of the [affiliated company] family[mergers] and, at that time, some 250,000 members—much larger now. And through staff got the name of a person that was a professional at looking at an organization and looking at it's structure and finding ways to make it more efficient, more, more expedient, more professional. He happened to be born in Germany of Jewish extraction. Came to this country; he escaped the Hitler net. And with broken English, on a hot day, he came into my office. "Mr. Steele, I'd like to talk to you. I'm going to take my coat off, it's so hot. It's air conditioned here, but I am so hot because I just came back from a long walk, thinking of what I had to tell you. Mr. Steele, I have come to this country, this great country, out of choice. I'm a German Jew. I escaped Hitler. I'd heard all these things about America, and now I'm an American. But Mr. Steele"—this is probably 1975—"I came here seeing this great country, but in most recent years, I have seen things happen that reminded me of what was going on in Germany when Hitler first took over, and I shall never forget some of those things that happened, like people weren't as free to talk, that the government took over, that there's a new kind of control of people. Mr. Steele, up until this occasion, I have worked only with large corporations: Standard Oil, General Electric. The big companies, east coast, west coast. Those are the executives I've talked to until I came here." And he'd wipe his brow. "Mr. Steele, for the first time I've seen what I'd heard. The strength of America is in the country. The strength of America is in the country. Mr. Steele, this Farm Bureau has a structure that cannot possibly work, but it does, for one reason. Mr. Steele, this staff is so dedicated, they'd give their life for a Farm Bureau. Leave it like it is because of your people." (tearfully) It's America that I grew up in. Some of those things have changed, that I grew up in. I think the staff there is still the same, but it's one of the few. Because of some of the things that I mentioned. I think as a nation, we haven't learned to live with prosperity. I think greed is too important to too many people, and I think our federal elected officials are now saying, "I'm going to work for myself to be reelected."

Shandrow: Let me ask you this about the future of food. The whole question of food versus ethanol, the fuel issue, how do you feel about that?

Steele: You may have read that about two weeks ago, an announcement was made, first to the members of the Senate and the House, through their daily publication, and thence through AARP, [public news channels], enlightenment, through radio, newspapers, magazines, that the organization has been pinpointed that was the cause of creating the fictitious sentiment in belief and quote "fact" quote, unquote, that the high grain prices were causing the food to escalate so much in value that it can't even be bought by people in other countries, who are starving to death because of ethanol. Propaganda!

Shandrow: Propaganda?

Steele: It named the organizations: Nestle. The one in—the one in Omaha. (laughs) Food companies. Food companies. Sunkist. Food companies put this propaganda together to try to, according to the written word, try to protect themselves, the real culprits, in increasing their profits. And it [, the corrective story,] mentioned how much farmers receive when their six-dollar corn is a box of corn flakes—eight cents, maybe? It went through several litanies of what it did to food prices. And this is terrible, that people would do this, and they should be, they should be—but they probably won't be—they should be penalized very severely because that does not fit America, when the population of America is hungry for facts, particularly during a time when we're in war, particularly in a time when this nation's under stress fiscally, particularly at a time when the people have been saying, "Give us facts." And then here's a group that knowingly violated the principles of honor and decency, castigating the food producers of something that wasn't true. That's terrible. That does not fit what America is. And it named them in the paper. I don't have those names; I can only name one that I'm sure of.

Shandrow: The other question is about importation of food. I mean, you've heard in the news, just recently, about the safety question of tomatoes. How do you feel about that?

Steele: Yes, we could talk about tomatoes, we could talk about mad cow disease, we could talk about some other outbreaks. And I should like to break this question into two parts. The first part is domestic production, and the other is our total food supply. And unbeknownst to a lot of people, including a lot of wheat farmers, we're not totally aware at all about the amount of food supply we're bringing in from other countries. Our domestic production has been carefully programmed since almost the beginning [redacted information] [for] food quality. When we as a people became concerned with food quality, we have established the food quality standards. Let me speak about grain. Corn has to weigh fifty-six pounds [per bushel]. It can not have over one-and-a-half percent foreign material, one percent damaged kernels. It has to meet the—the odor, to make sure it's fresh. It has to meet [redacted information] [many established standards]; otherwise, you're penalized at the marketplace. (coughs) In the meat industry, under the USDA, we have meat inspectors, and in Illinois, we have state meat inspectors [to certify] that every animal that's slaughtered for human consumption—outside the family, that's slaughtered for their own use—has to meet, by an inspector, these standards. Absolutely. And that's the way it should be. The same is true with fruits and vegetables. As we go out in the cornfield, we are guided by certain usages of procedures or production, like herbicides and insecticides. We have to be careful on soil quality, as it might be infested with animal effluent, as it might break loose from containers. These are all standard to protect the consumer. Amen. They should be done as long as they're fair to both parties.

But we do not have those same standards of inspection for imported foods. To give an example, our son Greg joined the Illinois Ag Leadership Foundation. It's a two-year program, and one year of this is foreign travel. They went to South America. They went to Brazil, to Peru, to other nations there. And when Greg came back, he said, "Dad, found out something. You know we have strict standards here on food production? Down there, they don't. Human waste for fresh fruits, vegetables." So I said, "Margery, from now on, when we go to the store—we know it's not inspected because they don't have the inspectors—and look at that label very carefully. If it says Peru on it, do not buy it. I do not want anything from Peru, when I know now what they use for nutrients.

Shandrow: We only have a few more minutes left.

Steele: Okay.

Shandrow: I'd kind of like you to summarize where you think agriculture is going, just in as few words as possible. And—

Steele: I think that agriculture—The only value of history is a guide to the future, and recent history points to the fact that fewer farmers will farm more acres, that fewer farmers will [not] have a competitive market. To go further, it says to me unless leadership in America causes a retraction and a prevention of future monopolies, no [grain] farmer, no livestock producer, will have a competitive market. It will all be top-down management, and the consumer will pay the bill because that value of that product at the grocery store will be set by these monopolistic organizations that are telling you what you're going to pay or you're not going to get it. Simple, I believe. [The competitive market will have been only history.]

Shandrow: Thank you. Thank you. Okay, I'm going to stop here. Don't get up until I unhook your microphone.

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