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# NATIONAL POLICY FOR AGRICULTURE AND FOR RURAL LIFE: TRENDS, PROBLEMS, AND PROSPECTS

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## TRENDS IN DOMESTIC POLICY

Policy for commercial agriculture is changing. In general, it is moving in several directions that most economists have long argued to be desirable and necessary.

With few exceptions the prospect appears to be one of lower price-support loan rates, which will move domestic market prices closer to the prices in world markets. This movement toward a single effective market price tends to free the market price mechanism to serve its function of resource allocation. However, lowering loan rates will lead to lower farm income, if nothing else is done.

In order to provide income support beyond that provided by loan rates, the newer commodity legislation introduces payments of one sort or another, primarily price support and diversion payments. A certificate system has been introduced in wheat and has been proposed for rice. Thus, the income-support operation is being separated from the pricing mechanism. This gives us a fighting chance to maintain farm income while cutting surplus stocks and letting prices move toward a level that reduces the incentive for overproduction.

Control of surplus production will increasingly depend upon a mixture of features rather than upon just one approach, and the mix will differ by commodity. The present approach in feed grains and wheat, now being proposed for cotton also in the 1965 omnibus farm bill: (1) requires farmers to divert some minimum acreage in order to be eligible for price supports, (2) provides payments for diverting the minimum acreage and for the voluntary diversion of additional acreage, and (3) prohibits the use of diverted acreage for planting to other major crops. This weds price support with land withdrawal and keys acreage diversion to a specific commodity acreage allotment. In addition to acreage allotments and diversion payments, a general land withdrawal program is proposed. Lower loan rates and therefore lower market prices will also tend to restrain surplus production.

In trade policy in the past we tended to play the role of the world market's high priced residual supplier—a supplier to whom the world turns only when it cannot get the commodities elsewhere. We appear now to be moving toward a more aggressive export policy through lowering of loan rates and market prices to world market levels so that American farm products may be exported without recourse to export subsidies. It should be pointed out also in this context that several proposals have been made recently in Congress to expand and alter P. L. 480. In any case, P. L. 480 is now under review in the Executive Branch and some kind of change will undoubtedly follow eventually. P. L. 480 is at present a very inconsistent bundle of objectives many of which are in substantial conflict. Among other things, P. L. 480 is now used as an instrument for surplus disposal and domestic farm income support, aggressive trade expansion, and international economic development.

The greatest changes, however, are to be found in the new programs and in the great expansion of a few older programs such as housing, community facilities, health, and vocational education. A new program area of major importance to rural people is the Poverty Program under the direction of Mr. Shriver and his Office of Economic Opportunity. Poverty includes a wide range of very diverse programs. The Community Action Program is the centerpiece and the primary program run by OEO. In addition, quite a number of delegated programs, including the manpower retraining programs, various types of educational programs, and the Youth Corps, are run by other agencies.

Recent legislation also includes the new Economic Development Act which revises substantially the old Area Redevelopment Act and combines it with some of the public works investments of the federal government. If administered well and funded adequately, this act could lead to real progress in the development of depressed and economically lagging areas of the nation. The Appalachia Regional Development Act creates an economic development instrument that could be of very real importance to the poor and isolated areas of Appalachia. The Economic Development Act includes a title providing for additional Appalachia-type approaches to large depressed areas.

Several education bills have made available new funds and some new ideas to primary and secondary educational institutions as well as for higher education. One of the landmarks of interest to this group, of course, is Title I of the Higher Education Act, which as a start provides 50 million dollars annually for the development of

extension activities devoted primarily to urban problems. The organizational implementation of this is left open and depends very much upon the individual state. The President has just signed into law the Federal-State Technical Services Act which provides funds for an industrial extension service in each state. The Housing and Home Finance Agency has for years been attempting to create an extension-type organization to help solve family living problems in their directly run housing programs. There are half a dozen other examples of existing federal programs of an extension type or of current effort to create such programs.

### THE DECISION-MAKING STRUCTURE OF AGRICULTURE

Three sets of facts dominate any realistic description of the policy scene today:

1. The interdependent commercial, governmental, political, and educational institutions in the service of agriculture are no longer as effective as they once were in identifying and solving the problems of rural life.
2. The commercial agricultural power structure has become extremely fragmented, and these fragmented elements are engaged in mutually destructive warfare, which is undermining their political strength.
3. The power structure of our society has changed, and the political leadership of agriculture has either not awakened to this fact or trapped by its own mythologies is unable—even unwilling—to adapt organization, policies, and tactics to the new political realities.

### The Failing Web of Rural Institutions

Over the last half of the nineteenth century and the first quarter of this century, we built a series of institutions to serve and transform agriculture from a traditional subsistence farming to a technologically progressive production process capable of sustaining higher levels of rural and national welfare. The functions of some of these institutions are now at least partially obsolete, others are so completely realized that the institutions, in order to survive, are looking for new roles. In other cases, where the old role may still be valid, the environmental facts of life have changed so greatly that the institution is under pressure to perform new services (some not even related to rural life). Finally, many of the old organizational forms and tactics are no longer effective.

The entire institutional framework of agriculture is becoming

socially dysfunctional. With few exceptions, in any direction you look, there are rising levels of conflict and tension and mounting evidence of what can be described only as a spectacular failure of leadership.

The examples below are overdrawn and are not representative. But they illustrate the institutional disorder in agriculture today.

If asked, all of us here would probably say that the basic function of experiment stations is to create new knowledge and that the basic function of the extension services is to extend that knowledge to farmers. Yet I have heard some extension people say that in all their years in extension they have yet to use anything of importance produced by the experiment station. Similarly, I have heard research people say that they could not see that the extension service was doing anything socially useful and that they did not understand how the extension service justified its existence. These are incredible statements from people in institutions that have been and still are as dependent upon each other as the experiment station and the extension service. The facts are that the extension service as the action arm of the college has for years been successfully legitimizing not only its own activities and budgets, but those of the experiment station as well. And in the early years of the agricultural colleges, the extension activities, however organized, were marked by continuous failure until the experiment stations and the U. S. Department of Agriculture generated the rudiments of a body of applied science knowledge.

These two institutions are integral units of a larger single institution, the college of agriculture, and yet today they live in some major degree of mutual noncomprehension. I submit that if members of these two very interdependent institutions do not understand each other's roles and behavior any better than this, they cannot really understand their own. The same kind of evidence is to be found in the relationships of practically all rural institutions: the colleges, the U. S. Department of Agriculture, local rural community organizations both public and private, and the myriad of organizations that attempt to represent the various interests of the farmer including the agricultural committees of Congress. I shall call this web of rural institutions the agricultural establishment.<sup>1</sup>

THE LAND GRANT-USDA SYSTEM. The land-grant colleges and

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<sup>1</sup>T. W. Schultz, "Underinvestment in the Quality of Schooling: The Rural Farm Areas," *Increasing Understanding of Public Problems and Policies, 1964*, Farm Foundation, Chicago, Illinois, 1964, p. 27.

the U. S. Department of Agriculture were created as research and educational organizations for the purpose of generating and extending new technologies to farming and generally to aid rural people in attaining higher levels of living. Today the USDA's research functions account for less than 4 percent of its budget; about 85 percent of its budget is now devoted to huge action programs of farm income support, conservation, and credit. Thus, it no longer behaves as the university-like organization it was until the late 1930's—and the land-grant universities understand the problems of their research colleagues in the USDA so poorly that the level of tension and misunderstanding between them has risen greatly. Again let me give you a few slightly overdrawn symptoms of this.

Many heads of departments and professors in the agricultural colleges willingly take any USDA money, if it supports their programs, but have such a negative attitude toward the USDA that they would direct their better students almost any place rather than the USDA. Yet without the high quality statistics gathering and processing, and the research of the USDA, departments of agricultural economics could not survive—without a near doubling of their budgets. If the Economic Research Service and the Statistical Reporting Service of the USDA did not exist, the colleges would have to create them anew.

Similarly, USDA administrators frequently express deep resentment that USDA research contracts are used by the contracting professor and the college to provide graduate students with financial support and research experience. Yet these same administrators expect the agricultural colleges to provide them with high quality, well-trained new talent primarily to man the research organs of the USDA.

There is another attitude that is eroding the once close relationship of the colleges and the USDA. Originally the extension services of the land-grant colleges were intimately associated with their state Farm Bureaus. In more recent decades in practically all states this direct linkage has been broken or substantially weakened. At the same time agricultural politics has become polarized and the national Farm Bureau has in recent years tended to align itself exclusively with the Republican party on most political issues. Many in the USDA still closely associate the extension service with the Farm Bureau and consequently with the Republican party regardless of the colleges' current patterns of behavior.

The many new federal programs are adding to the problem. They have placed two very important unanswered questions before us.

One is, how are the new federal programs and their associated federal organizations to be related to state organizations, and in the case of federal extension activities, how are these to be related to the universities? The second question is, how are these new programs, or for that matter many of the old programs, in human and physical resource development to be made effective in rural life?

The USDA has provided a tentative answer in its recently created Rural Community Development Service which is to provide information on national programs and is to facilitate and coordinate rural access to such programs but apparently is not to direct action programs itself. Naturally the first question that arises is whether this is a competing organization with the various state extension services. We are assured it is not. But a replay of the old county land use planning squabbles of the 1930's would be a genuine tragedy. It has to be pointed out that the state extension services have not successfully served the role for which RCDS was created. Indeed, in some states, the failure is almost total, so that there is a continuing problem of inadequate rural access to and use of national programs as well as an organizational void. Whether RCDS in cooperation with the state extension services can fill this void remains to be seen.

Other attitudes and behavior are also eroding the relations between the colleges and the USDA. They are all symptoms of the problem—which is that the roles we play have changed.

The land-grant university is no longer linked exclusively with rural institutions at either the state or the federal level. Research, teaching, and extension funds come from many sources today and not even the college of agriculture is linked at the federal level predominantly or exclusively with the USDA and the agricultural committees of Congress. The land-grant university is under the most intense pressure to become a full-scale high quality institution of higher learning and to extend its research and public service functions not only to the whole of our society but into international problems as well. But the USDA and farm people and their representatives resent and do not understand the causes of this change in the role and therefore behavior of "their college." The USDA has been forced to narrow its function to service for commercial agriculture alone. The college of agriculture, whether it likes it or not, is being forced to move in two directions simultaneously and is having a very bad time of it.

The land-grant university dean of agriculture finds his organization beleaguered within the university by new growing and competi-

tive functions, abused and often abandoned by his clients and allies in agriculture, and in many ways less able to control his and his college's destiny than at any time since the early unsettled days of the land-grant system.

The USDA, to an even greater degree than the college of agriculture, is no longer master of its own house. Now that it is an action agency spending vast sums of money which directly affect the incomes and welfare of farmers, the agricultural committees of Congress, acting as agents of the commercial interests of agriculture, have taken over a substantial portion of the USDA's executive function and until very recently exercised it with little concern for the desires of the Secretary of Agriculture or even the President of the United States.

Commercial agricultural interests now exercise a near monopoly of power in agriculture focused primarily in specialized commodity organizations and the grass roots local farm committee structures which extend to the Washington level. The committees of Congress have badly mauled the USDA in the past when it has not behaved solely as the agent of commercial agriculture. This severely limits the USDA's capacity for public consideration of broader rural interests or even the public interest in agriculture. Moreover, it tends to give the USDA an image in government and in the rest of society of little more than an agent of a powerful, but narrow and badly behaved vested interest.

The agricultural colleges look a little better only because they do not run commodity programs. For the colleges, too, under somewhat similar pressures, have tended to narrow their focus *in agriculture* to the interests of commercial agriculture alone. Thus, it can be said that we have gone a long way in the Land Grant-USDA System in losing our dedication to the growth of the *entire* rural community. We have missed several opportunities. For example, issues in market organization and bargaining power are being posed with urgency and obvious relevance today. There is also an urgent need to take program action on the multiplex aspects of poverty. Yet in neither case have the colleges or the USDA put enough resources into research in these areas to provide an adequate base. The problems have been identified for decades but little research done because, in the case of poverty, it reflected poorly on the power structure and diverted resources from the research interests of commercial agriculture, and, in the case of market organization, because the research results almost invariably run counter to the interests of some politically potent part of the market structure. So now we must make decisions and take action without adequate knowledge.



The problems of the society, particularly urban society, are urgent—and will be solved. The role of extension expertise in this is going to be strategic. The extension service as an organization will either find ways to help solve these problems or it will see much of its personnel purchased away by other organizations devoted to the solution of the problem.

A major organizational problem is being created by the federal proliferation of extension type “outreach” organizations and associated new program monies. While many of these programs are focused on urban problems, the program monies are available on a national scale for all communities. Unifying or coordinating organizational forms will have to be created at federal, state, and local levels if these multiplex programs are to be effectively integrated and implemented at the community level—whether urban or rural.

The political and organizational pressures which created these new programs and their associated organizations increase the potential freedom of agricultural institutions to do new things both programatically and organizationally. This is almost always the consequence when there are pressures from new forces to solve urgent problems.

Whether the potential is actually translated into greater freedom to act in any specific state extension framework depends on a number of factors. In those states having relatively unified and well coordinated systems of higher education, the degrees of freedom are substantially higher due to the orderliness and more nearly state-wide basis of decision making. Likewise, in those states where the political scene is one of greater order and flexibility, the potential is very much more likely to be realized. A third, and very critical factor in the realization of this potential increase in freedom of choice is high quality state and local leadership in agriculture and in other areas.

We are well into a period of not only rising levels of social disorder and conflict between various parts and interests of society, but also of political and social fluidity which increases the number of possible outcomes for any given problem. In such revolutionary social situations the victors are rarely the fence sitters and defenders of the *status quo*. Victory goes to those who assume the risks and act.

The same set of forces and problems that have prevented the land-grant system from continuing to service broader goals also now hinders the USDA, particularly in reorienting itself to modern needs and opportunities. The USDA when it focuses on the problems of commercial agriculture generally performs with more imagination,

polish, and expertise than all but a few small parts of the rest of the federal executive. No other executive department has *the capacity* for objective problem solving and for administration of complex programs which the USDA has.<sup>2</sup> Yet no other member of the President's Cabinet is subjected to the demeaning, public as well as private, political vituperation that is heaped upon the Secretary of Agriculture by the people he serves. His political usefulness is inevitably eroded in the vindictive cross fire between the brawling commercial agricultural interests, which nevertheless hold him politically responsible for the design and execution of all policies. He does not even have complete control of some parts of his own department that implement these same policies.

The result is that in its efforts to limit or destroy the Secretary politically, commercial agriculture is destroying itself. This is not politics. Politics is the art of the possible—the compromise of conflicting interests. But in agricultural policy, many have forgotten what compromise is and are now engaged in a war, each to obtain his own ends, with no quarter given or expected and apparently with no concern for the long-run cost to agriculture—or to rural life or to the nation. Like the god of antiquity, Saturn, agriculture is devouring its own.

CONCLUSIONS. The entire web of rural institutions, which I have called the agricultural establishment, had an original common goal of the economic development of American agriculture. This common goal of the economic development of agriculture has now been substantially achieved. As a result of the effect of this success and the impact of the economic and social forces generated by an industrializing society, this interdependent web of institutions is now developing multiple goals, many of which are in conflict.

Despite many changes leading toward conflict, the fundamental institutions of agriculture are still bound together in a common destiny. The people and institutions of agriculture—whether farmers, their organizations, the colleges, the USDA, the agriculture committees of Congress, or others—must learn to tolerate multiple goals in the institutions with which they must cooperate. They must combine on those matters where they can agree. They must not refuse to cooperate to one end just because they cannot agree on another.

The role of leadership in agriculture has grown to be nasty, brutish, and frustrating—whether one speaks of the Secretary of Agriculture, the dean of the college of agriculture, the head of a

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<sup>2</sup>The only possible exception might be the Department of Justice.

farm organization, the chairman of a Congressional agriculture committee, or any other agricultural leadership role. This fact of life is not well appreciated even in these leaders' own organizations. Even so, the major conclusion one must draw from the self-destructive behavior of the agricultural establishment is that there has been a massive general failure of leadership in the institutions underlying the policy process. This appears to be most critical in commercial agriculture.

### **The Changing Political Power Structure of Commercial Agriculture**

In the process of increasing their productivity, farmers specialized in the production of one or a few commodities. Similarly, entire farming regions became specialized and thus developed much narrower and often conflicting economic and political interests. The conflicts grew so great over time that it became increasingly difficult for the general farm organizations to develop a national policy position, particularly on specific commodity legislation. The old farm bloc of pre-World War II days broke up and the specialized commodity organizations began to assume the initiative and control over much of agricultural policy, particularly as it related to commodities. Other specialized local farmer county committee structures, created during the 1930's in the price support, conservation, and credit areas, developed national organizations to reflect more directly their special interests in the political process. This fragmentation of the political organization of agriculture has turned agricultural policy from reasonably consistent legislation with broad social purposes generally supported by society, into a hodge-podge of narrow special interest legislation, the value of which is increasingly questioned by society.

Agricultural policy has come to mean commodities and little else other than a slight seasoning of conservation and credit. Through commodity and other specialized farmer organizations, the larger successful commercial farmers have come to dominate if not monopolize the political power structure of agriculture. And in the pursuit of their own interests practically all other concerns have been sacrificed—including most prominently the interests of the many small struggling commercial operators and the more than a million even smaller noncommercial operators whose prospect for earning a better living from farming is quite limited. Forgotten also are the problems and concerns of the better part of the rural population which as a result of the development of agriculture are no longer a part of farming. In ignoring these and other claims for their concern and support, commercial agriculture has injured its own interests.

The power of the specialized commodity groups in the aggregate

is now declining not only because the groups continue to brawl incessantly with each other but also because their composition is changing. One of the changes is the increasing fragmentation of producer interests. For example, in cotton the producers themselves cannot agree on what they want. For years they have been fragmented into the Southeast, Mississippi Delta, Texas, and California-Arizona areas. Today even these groups are seriously fragmented. Another change is the increasing voice of interests other than the producers in any commodity decision-making process. In cotton, for example, ginner and handlers, textile mills, cotton brokers and exporters, and the cotton exchanges all have an effective political voice in the decision-making process. In addition, rural community banking and commercial interests, the manufacturers of farm inputs, and even organized labor have an influence on what happens. As a consequence, the level of conflict and disorder is so great at present that it is almost impossible to get agreement within agricultural committees on legislation for many specific commodities.

Because of this disorder, the power of political decision making for agriculture is already in the process of drifting or is being transferred from the agriculture committees to other places in the Congress and to the White House. The disorder not only makes it nearly impossible to get a decision in an agriculture committee but now makes agricultural legislation so politically expensive that legislation cannot be pushed through Congress without a political brawl or a major assist from the White House or both. Indeed, agricultural legislation of the present social outlook has grown to be the single, most politically expensive part of any President's and his party's legislative program. It would be remarkable in such a situation if the majority party and the White House did not desire a reduction both in budgetary and political costs of farm legislation.

### **Agriculture and the Changing Power Structure of Society**

But before farm legislation can be made more acceptable and thus lower in political cost, the leadership of farm organizations and commercial agriculture will have to do a better job of relating themselves to the present power structure of our society. The political power structure which rural America helped to create many decades ago is gone forever. Gone, too, are the days of rural dominance in the political affairs of national, state, or local government. Rural leadership shows little sign even yet of understanding that it now leads only a political minority.

**AGRICULTURE'S POLITICAL LIFE STYLE.** A minority must develop leverage far beyond its own direct impact if it is to exercise

any effective political power. In the U. S. political structure, minority groups have the greatest potential advantage today in the political process that focuses on the capture of the executive organs of government. Holding or losing the political support of minority groups can mean the difference in a party's success or failure in capturing the executive branch. Thus, to maximize their power, minority groups must focus on the political party, the instrument that focuses on the capture of the executive branch. Rural people and their leaders will have to involve themselves actively in the partisan political process, and in both parties, if they are to generate enough political power to insure a continuing major role in agricultural and rural public policy problems.<sup>3</sup>

Farm organization leaders and rural politicians, to be effective, must back away from their traditional hard-nosed Neanderthal style and from their prepackaged ideologies to combine in a politically pragmatic manner with whomever they can. Unlike a majority group, a minority to succeed must be prepared to recognize the most urgent or reasonable objectives of others. It is the obstinate refusal of the agricultural establishment to accommodate itself to the major and urgent problems of urban life that has generated the present hostility toward all things rural or agricultural. This hostility is most evident in the urban press and the political behavior of labor, among the frustrated political leaders of the urban metropolitan complexes, and in the intellectual community of scientific and professional people, many of whom are not only opinion-makers, but integral members of the present power structure.

**THE RISE OF URBAN FUNDAMENTALISM.** It is almost cosmic irony that just as rural fundamentalism is clearly in its death throes, an urban fundamentalism of equal irrationality and virulence has risen to replace it. It is now infesting the seats of power like rural fundamentalism before it, disordering and distorting private, political, and bureaucratic decision-making processes. By urban fundamentalism, I mean a closed attitude of mind which asserts that urban society with its culture and its values is intrinsically superior and should be the dominant mold in which all society is cast and the measure against which all social decisions are made. This disdain of all outside of metropolitan urban culture, like its mirror image, rural fundamentalism, is predicated on a contemptuous ignorance—a disdain for and a fear of what is not understood or not experienced. Urban fundamentalism is the result of the increasing incidence of an exclusively urban cultural experience reinforced by fifty bruising

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<sup>3</sup>Dale E. Hathaway, "Public Problems Facing Rural America," *Journal of Co-operative Extension*, Vol. III, No. 3, 1965.

years of urban intellectual and political frustration with the political and cultural imperialism of rural fundamentalism. The agricultural establishment has been casting its fundamentalist "bread upon the waters" for decades. It is now being returned, multiplied many times.

### CONCLUSION

Rural leaders have yet to learn that they must adapt their own position to appeal to various groups in the power structure, if successful coalitions are to be formed for attaining farm or rural minority objectives in the executive and legislative political processes.

If the present omnibus farm bill passes Congress, one of the major reasons will have been the support of labor, which was obtained by the northern rural Congressmen who voted for labor's major 1965 legislative objective, repeal of Section 14(b) of the Taft-Hartley Act. Rural leaders and politicians will have to have the support of just such groups if rural problems are to be solved in the future in a manner generally acceptable to rural people.

It is in the self-interest of the agricultural establishment not only that it change its political style of life, but that it face its past errors honestly and subject its organizational form and programs, which are increasingly difficult to rationalize or defend, to the searching gaze of objective analysis and intelligent adjustment. It may already be too late. But if the agricultural establishment continues, as it has in the past, to prevent its educational and research arms from servicing this objective function, it will be finished in a few years in any case. The time that remains to put our house in order is short.

The great strength of the agricultural establishment in prevailing in the policy process in the past depended not only on political power, but on a dedication to the broad objectives of society. As the political power of the agricultural establishment declines, it must increasingly recognize that, to sell, agricultural legislation must exhibit far more relevance to these broad objectives of society.

If the agricultural establishment cannot develop the leadership that is capable of seeing the situation as it really is and adjusting to it, then it will not only fail to survive in any meaningful form, but it will deserve its death. And the headstone erected by an urban society will read:

The Agricultural Establishment of the United States:  
Its promise exceeded its performance,  
and falling into social irrelevance,  
it took its own useless life.

R. I. P.