



AgEcon SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

GIANNINI FOUNDATION OF
AGRICULTURAL ECONOMICS
LIBRARY

JUN 21 1989

THE EVER-PRESENT BUT OFTEN-DODGED ETHICAL
ELEMENT IN AGRICULTURAL POLICY

Harold F. Breimyer
Professor and Extension
Economist Emeritus
University of Missouri-Columbia. *Dept. of Agricultural Economics*
Paper

It may not be unmannerly to suggest how improbable it is that a symposium on ethics would be held the middle of February in the frigid mountains of the country's least populous state. Climate may not have much bearing on ethical behavior -- although, it is said, cold air reduces aggression and summer humidity makes people testy. But the degree of crowding has social meaning. The accepted doctrine is that the more elbow room humans enjoy, the fewer the restrictions they must abide by.

The syndicated columnist Mike Royko commented on the crowding theme recently. He scanned the latest population table to learn, he wrote, which state "was fortunate enough to have the fewest people." "It is a law of nature," he explained, "the fewer the people, the fewer the problems." To clinch his argument he asked, "When was the last time a war broke out on a deserted island?"

Royko discovered that Wyoming has only five persons per square mile. In his Chicago there are 13,200, and in Manhattan, 67,000.

As is true of many of the epigrams we recite, that of a correlation between population density and social behavior, though valid, could be overstated. In thinly populated areas, for example, social interaction and support are highly valued.

But this is a lecture on ethics and agricultural policy, not the sociology of Wyoming.

To address the meaning of the word, "ethics," following presentations by two philosophers and one ecologist, is presumptuous. Doing so risks being either redundant or wrong. But ethics is the kind of term where conceptualization is crucial. In physical sciences, a "law" such as gravity or even the first one of thermodynamics is self-revealing and need only be applied. The physical science world emphasizes observation. In metaphysics the opposite is the case. Observations abound, but we struggle to find abstract principles by which to codify them.

But codify we must. That's what social scientists have been about for centuries. Our intellectual progenitors were the ancient Greeks. They worried about the meaning of things. Plato inquired about the essential nature of justice.

Paper given at Symposium-Workshop on Agricultural Ethics, University of Wyoming, Laramie, Wyoming, February 18, 1988.

Plato was deeply concerned for ethics. He regarded economics as secondary to ethics and politics. When I suggest the same to my economist colleagues, I get my head torn off. But Plato was on sound ground.

To leap from old Greece to the modern University of Wyoming and this symposium, we can note a contemporary revival of interest in ethical issues, and notably so relative to agriculture and our food supply. The University of Florida has a Humanities and Agriculture Program that publishes a quarterly journal, Agriculture and Human Values. As another example, when General Foods Corporation recently presented its World Food Prize to Dr. M. S. Swaminathan, it did so as part of a colloquium entitled, "Science, Ethics, and Food."

The United States is a troubled nation. We play games of denial but we know better. Our self awareness may help account for a renewed interest in ethics. If wisdom can come out of the mouths of babes and even those in comic strips, a recent sequence in "For Better or for Worse" is relevant. A snowstorm trapped pupils in their school, huddled without light or heat. Before power was restored and the storm had abated it seemed as though, one child said, for a while everyone cared about everyone else.

Maybe it's time for American citizens to do a little reciprocal caring.

Aldo Leopold, whose The Sand County Almanac is a classic, saw ethics in terms not inconsistent with the schoolchild's. He said ethics involves the limitation of freedom of individual action in the interest of the collective weal. This commonplace way of putting it is not really wrong but is incomplete. It fails to note that one of the goals of social action is to preserve the opportunity for individual action.

That is to say, when we dip into the meaning of ethics we come up against the great social paradox. It's that by exercising selective restraint on his aggrandizements a person contributes to a social milieu that enhances his opportunity for self expression. A simple way of putting it is that we limit our barbaric freedoms in order to enjoy civilized ones.

Perhaps the least disputed feature of ethics is that it involves not random personal charity but the developing of social rules. Those rules take forms ranging from custom to legal mandates. When I was an undergraduate student, I learned that the generic term for the kit-and-kaboodle of social instruments relating to individual conduct was "sanctions." The term is not used so much these days.

Rules as Relating Ultimately to People, Not Things

How does the formulating of social rules bear on the making of agricultural policy?

It's tempting to glide quickly into familiar issues such as the ethical considerations in soil conservation, or technology and especially biotechnology, or the effect of acreage and price support programs on distribution of farm income. These are probably the most prominent topics for consideration. I will comment later. But I believe it to be a gross error to begin with those headline issues, or to define the ethics of agricultural policy primarily in those terms.

During the last 20 years the overwhelming event in agriculture having social connotations relates to none of those three workhorse issues. It is, rather, the massive revaluation of property values that has taken place, first upward and then downward. During the 1970s society upvalued the real estate resource of agriculture by 450 billion constant 1982 dollars. Because debt just about kept pace, farmers' equities increased by the same \$450 billion; they almost doubled. Then came the calamitous 1980s. In the first six years of the decade, the value of farm real estate lost, in 1982 dollars, all it had gained during the full decade of the 1970s, and more; and farmers' equities were cut in half.

In all this farmers themselves contributed very little. Their prudence and husbandry had little to do with their amassing paper wealth in the 1970s, nor did mistakes made in the field or cowbarn account for the bloodletting of the 1980s. It all was primarily social revaluation.

I don't believe it's sacreligious to quip that society giveth and society taketh away.

A second reason I do not jump in with comments on conservation and technology is that ethics does not deal with them, as such. Ethics relates to personal behavior; it is exclusively interpersonal. Treatises have been written on "The Ethics of the Land." Land has no ethics. Only the people who use, protect, or abuse land have ethics.

The Dimension and the Scope

I find it helpful to classify interpersonal relations in two ways. The first distinguishes between contemporary and intergenerational relationships. Almost every professor who teaches a course in farm policy begins with a lecture on values. All farm policy, he insists, is first of all an exercise in values. Are we concerned, he asks, only for the present generation; or do we accept the ancient Biblical injunction to preserve and even develop resources for the benefit of future generations? I repeat, this is a value and as such it lies outside the range of economics. But it is basic.

That value question, however, is readily formulated and dealt with. Much more profound is the lateral scope of the ethics of agriculture. If we accept an admonition for personal behavior in the interest of others, who are the "others?" This may be the most perplexing and pernicious of all the considerations that surround the idea of ethics in economic policy. It's partly a matter that empathy is proportional to distance; we can be thoughtful of persons close at hand, but indifferent or even hostile to those remote from us. It's also true, though, that the so-called ethics of joint action or alliance with one's close associates can be exploitive of all others. This is interest-group "ethics," or alleged ethics.

Here the ground is slippery. Farmer cooperatives serve as an example. As a onetime farm youth I am respectful of the valiant leadership many farmers have given to their local cooperatives. My father, for example, worked hard to get his neighbors to help establish a cooperative creamery. Many of the farmer marketing cooperatives in the Midwest today accept the traditional goal of efficiency without exploitive power. On the West Coast, by contrast, we find cooperatives with restricted membership taking advantage of the marketing

order instrument to exercise some degree of monopoly power. Is that kind of cooperation ethical? The footnote to this observation is that in the administration of marketing orders and marketing cooperatives as well, the U.S. Secretary of Agriculture is charged with making sure the farmers' group action does not violate the public interest. His is an ethical function. It's also an awesome responsibility. Few if any Secretaries, it may be added, face up to it.

Macroeconomic Ethics of Agriculture

In its idealized version, and in a democratic setting, ethics is first of all individualistic. How does the individual human being fare as judged by ethical norms? How can he be helped?

A distinguishing mark of today's Western economies is that social action bearing on individual welfare is aggregate, not individualistic. The individual fares well or badly depending on the fortunes of the entity of which he is a part. In a real sense, in our era the ethics of agriculture is macroeconomic ethics.

The body of acreage control and price support programs now in place began with the Agricultural Adjustment Act of 1933. Although Congress hastened to enact the law because it was frightened by the Farmers Holiday Movement that was blazing a trail in the Plains and Midwest, the rationale was the decidedly inferior income position of the nation's farmers. In those awful years the average per capita income of the farm population was scarcely 40 percent that of nonfarmers. Taking steps to improve farmers' income was ethical, I believe, but it was macroeconomic ethics.

A cry was heard at once, expressed in ethical language, that it was wrong to restrict farm production when people were hungry. My response, then and now, is that any violation of ethical standards lay not in farmers' reducing production, but in social failure to make it possible for poor people to have access to food. A political compact was eventually entered into whereby not only would low income families be enabled to obtain an adequate diet, either by food distribution programs or the Food Stamp Plan, but farm politicians' support of those food programs became, and has long been, a condition for obtaining urban Congressmen's votes for farm programs. By my criteria, that tacit understanding is ethical.

Within agriculture, the most persistently burning ethical issue has related to what is called the structure of agriculture. The first brouhaha arose over the rights of tenants, including sharecroppers, to share in benefits of acreage and price support programs. In the 1930s a few liberals in the U.S. Department of Agriculture tried to defend the tenants. Their reward may not have been ethical; they got their walking papers. The programs have since given a degree of protection to tenants. But let no one be deceived. The programs from 1933 to this day are oriented more in favor of landowners than of operators. Where operators own their land, the issue is obviously moot. But increasingly, land is owned by nonresident landlords. And a program such as the Conservation Reserve, applauded so widely, is not only pro-landowner but pro-non-resident-landowner. It cuts tenants' rental acreage out from under them, and it speeds dispossession by operators.

Another dimension to the structural issue introduces the knotty matter of size of farm. In earlier years, the smaller farms were given a small advantage. They received minimum allotments in the cotton and tobacco programs and even, at one time, in wheat (it was 15 acres). More recently the only explicit attempt to tilt program benefits toward moderate sized farmers has been the cap on size of individual deficiency payments. In my judgment this is a case of honorable intent but contradictory consequence. Large farmers have invented every kind of dodge to avoid being subject to the ceiling. The imbroglio stems from a misunderstanding of the payment device. To nonfarmers, deficiency payments are an income supplement that properly should go to smaller farmers with sub-par incomes, or those burdened by heavy debt. To farmers, the payments are a reimbursement for retiring land. The fact of the matter is that payments serve both purposes and a third as well -- to subsidize utilization and especially exports. I have written and testified on this matter, and suggested an alternative program, to almost no interested readers/hearers.¹

Persuasion versus Compulsion

Prior to enactment of the Agricultural Adjustment Act, heroic efforts had been made repeatedly to enlist producers of a cash crop, such as tobacco, in a mutual pact to restrict production, as a means to get higher prices. Every attempt failed.

In 1933 my professor, Howard Tolley, one of the authors of the AAA Act, acted on the premise that farmers will not be faithful to a joint effort without some individual inducement. The inducement offered in the new law was a cash "benefit payment." The non-recourse loan was soon added as a further attraction. The federal government, said Professor Tolley, would reward participants but not compel them; it would not exercise the police power to force action.

Very quickly two commodity groups, the tobacco and cotton producers, observed the ethics of equity to be violated. Producers who were willing to join in collective action to get higher prices found their efforts to be thwarted by others who abstained and became free riders. They said, "If farmers are going to restrict production in order to strengthen prices, all farmers will have to take part. No more free ride." The cotton and tobacco people found sympathetic Senators and compulsory allotments soon came into being. Two-thirds of all producers had to vote in favor before the recalcitrants were forced to help earn the benefits that they previously had shared cost-free.

The mandatory allotment program continued for a quarter century. During the 1960s it was abandoned in favor of a return to voluntary programs in which the inducement for participation was once again individually dispensed Treasury checks. Without going further into program history, I add only a note that the Food Security Act of 1985 goes farther than any predecessor in calling for individually-targeted rather than jointly-shared rewards for participation. That is, bigger payments instead of higher market prices.

¹Harold F. Breimyer, "Targeting as a Principle in Farm Policy," testimony presented at hearing, U.S. Senate Committee on Agriculture, Nutrition, and Forestry, Washington, DC, March 18, 1987.

The other side of the big-deficiency-payment coin is that taxpayers foot the bill. Personal and corporate income taxes, which are surely obligatory and not voluntary, are drawn on to induce farmers to take voluntary action that is in their collective interest. Taxpayers get a heavier dose of sanctions than farmers do.

To be sure, taxpayers make their own demands. They insist on a food reserve, moderately low support prices, and farm support of food distribution programs. Even so, we end up with the anomaly that taxpayers are forced to shell out money so that farmers can voluntarily choose to act in their own interest.

Because I see the system as anomalous I am not as opposed to the idea of mandatory allotments as are many economists and not a few farm leaders. Senator Harkin and Congressman Gephardt have been plugging for a new law that would once again authorize mandatory allotments for crops that are in surplus. For the reason just given I do not join in strong denunciation; but I also do not support it -- not because of the principle but the particulars. The proposed law would set support prices higher than I believe to be justified. Even more negative is the sharp cutback in planted acreage that would be required. It would bring a rapid consolidation of farms and wipe out between 100,000 and 200,000 moderate sized farmers. And the benefits would go solely to present owners. The entry cost to the next generation of farmers would be increased.

Just now, Harkin-Gephardt is only a symbol. So long as \$15 billion or more can be spent for deficiency payments, farmers would be silly to opt instead for tight mandatory controls. Only when the deficiency payment stream is cut off will mandatory programs move onto the policy agenda.

The Ethics of Structure of Agriculture

My reluctance to use programs to extrude farmers opens up yet another facet of ethics, that of the organizational structure of agriculture. I have already touched on it several times. The structure question would justify a paper and a symposium of its own.

Many issues that surround organizational structure are ethical. They begin with the promise of opportunity. Is it ethical to employ social measures to enhance the security of persons already established in agriculture, and in so doing close (partially) the door of opportunity to newcomers? To whatever degree we take such a course we build up a landed gentry and confine new entrants to their sons and daughters.

Except for credit policy, the most influential public policy affecting structure is the tax code, both income and estate. The Tax Reform Act of 1986, for example, ended concessionary rates for capital gains. Already a move is being made to repeal that part of the law. The issue is clearly ethical. Should unearned income be subject to less tax than earned income? If capital gains were once again to be taxed at a sub-par rate, the extant holders of farmland would get the benefits.

How Wide the Scope? International?

Early in this paper I made the commonplace comment that most human beings can accept some ethical fealty toward persons close at hand, but less to those more distant. Does our sense of ethics end at the political boundary? That is, does it vanish as we look toward other nations? Can it be international?

It is sometimes said that ethics is universal owing to our sense of common humanity. A more pragmatic version is that bread cast upon the waters, even international waters, comes back to us eventually, and that missiles shot into the heavens do the same.

Be either as it may, the fact is that the farm law of 1985 goes farther than any previous such law to employ farm programs in an international trade war. We are subsidizing the export of our major export commodities, directly and indirectly, more aggressively than we have ever done before, or than any competitive exporter other than the European Community can afford to do now. Our marketing loan for rice is wrecking the economies of the rice exporters of Asia. Our low-priced grain exports are damaging to Argentina, a nation laboring under a heavy international debt obligation, whose democracy is fragile. Is it ethical to be unconcerned as to how our farm policies bear on other countries that are our allies?

Soil Conservation

Finally, and briefly, soil conservation. In one sense the ethical element in protecting our soil resource is so self-revealing that little comment is necessary. It is essentially an inter-generational consideration.

But two thorny issues arise in the here-and-now. One is that preservation of our soil resource becomes a heritage for all the next generation, and not just the children of today's farm owners. Therein arises a call for social funding of those conserving practices that are not economical for the farmer himself. This thesis is not disputed and underlies our conservation programs.

A second issue is similar to the mandatory-versus-voluntary choice in design of acreage control. Ought a minimum regard for soil conservation -- a minimum effort to protect the soil -- be a part of our rural culture? Should a farmer be expected to carry it out, just because he is a farmer? To put the question in opposite terms, should society pay farmers to take the most basic conservation measures? Or, stated differently, why should a farmer who blatantly mishandles his land be paid to change his ways, when a million or more farmers have accepted a social obligation to preserve the heritage of productive soil?

To take that issue a step further, why ought not the worst mishandling of cropland be prohibited? A case in point is the eventual conclusion of the 10-year contracts in the Conservation Reserve Program. The only protection now in sight against a landowner's eventually planting row crops that wash the soil down the nearest river is the rule of Conservation Compliance. But the Conservation Compliance penalty of making the farmer ineligible for farm programs is binding on no one. In Missouri even some political conservatives are thinking in terms of zoning the most erodible land out of cropping use. In my judgment, ethics are not violated in using the social sanction of compulsion, zoning in this case, to preserve our land resource for future generations. On the contrary, failure to do that is unethical.

No End to the Issues

This paper ends at this point but the issues do not. There is virtually no visible terminus to the many questions and problems in agricultural policy that have an ethical component. Indeed, it is hard to think of a single one that does not have an ethical slant to it. Agriculture may be especially redolent of the subtle considerations that match individual self-interest against socially responsible behavior. Its role in society is vital; its resources are notably sensitive to the dividing line between preserving and destroying them; and although it's attractive sloganeering to call agriculture essentially free enterprise, the fact is that our food producing system and the welfare of rural America are enveloped in the mixed-economy philosophy that is the mark of all modern industrial nations. We may talk in other terms but we do take social action where we think the social cause justifies it. We take such action in agriculture. And ethical considerations enter into our decisions to take it.