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*Lauren Soth's Viewpoint*

## Conflicts: There Are Many in the Food-Agriculture Community

The 1980's so far have been hectic for the political economy of agriculture. Government policies seem to lag behind events. Changes in the technology and structure and international connections of American agriculture have been so rapid over the last few decades that agriculture's policymakers haven't been able to keep up.

### Conflicts of Interest

That's one way to look at it. Another way is to recognize the conflicts of interest within the food-agriculture political community. The farmer of legend, the family farmer, makes a good hero for the Cargills, Monsantos, Dows, Ralston-Purinas, and Deeres to praise and use as a front. Policies put forward to rescue the farmer often are really aimed to protect another interest. Trying to convey understanding of this political mud-dle to the public, including farm people, is difficult. No wonder farm policy seems blundering.

### The Current Difficulties

The farm debt problem of this decade has been treated as a universal crisis or depression. "Worst since the Great Depression" is declared—not just by sensationalizing journalists but by principal actors on the farm political stage—including some economists.

No one denies the seriousness of the financial squeeze, especially among grain farmers of the Middlewest, but it doesn't hit everyone. It's nothing like the farm sector's plight in the Great Depression when the whole economy was at a standstill.

The farm people who are hurting now made what turned out to be unwise investments and incurred large debts in the 1970's or speculated in land up until 1982. The Kiplinger Ag-

ricultural Letter for February 20, 1981, assured its readers that land prices would continue to rise: "a tripling by 1990 is a fair expectation, average for the U.S. Farmland costing \$1,000 an acre now will sell for about \$3,000 in nine years." Kiplinger thought there was little chance of bringing inflation down, and "the necessary ingredients for continued expansion of farm exports seem to be pretty well in place."

"The exciting decade of the 1980's will create new wealth for the alert, well-informed farmer... before 1990 you'll sell \$5 bushel corn, \$15 soybeans, \$8 bushel wheat..." wrote Merrill J. Oster, president of Professional Farmers of America.

Bankers, including Farm Credit System bankers, agricultural colleges, agribusiness companies, and others were saying about the same thing. The press shares responsibility for the boom psychology, but journalists can cite renowned economists who predicted that inflation would continue and that world population would outstrip food production.

### Embargoes

At about the same time other advisers of farmers were predicting damage to farm exports because of President Carter's partial embargo on grain to Russia. The embargo was a prime target of Republicans in the 1980 election, even though it was intended to punish Russia for invading Afghanistan.

Punishing the Soviets was O.K. but not at the expense of farmers. Agribusiness, farm organizations, everybody lambasted the embargo: It would ruin farmers. It would destroy America's reputation as a reliable supplier of grain to the world.

Actually, U.S. exports of grain in the 16 months of the embargo (Reagan canceled it in May 1981) were the largest in history. Trade was rerouted.

We sold less to Russia and more to other importers.

The Economic Research Service 1986 study concludes that the Carter embargo and two previous ones by Presidents Nixon and Ford had not affected U.S. exports significantly. Grain exports declined after 1981, to be sure, due to world recession, the high-valued dollar and increased production of grain in other countries. The embargo evidently didn't persuade importers that the U.S. was unreliable, though of course they claimed it did in their trade bargaining.

The point of this story is that embargoes, though bad business in principle and in violation of our general trade policy, did not in this instance do the injury predicted (either to the Russians or the American farmers). Sometimes economic ideology and political diehardism get in the way of honest reporting of the real world.

Catch phrases which become effective in politics continue in use—even when proved to be false or half-truths. Farmers and agribusiness people were easily hooked on the anti-embargo line. It showed they were victims of a heartless government, allowing national security policy to override farm interests. It also conveniently showed that they were not to blame for their troubles by their own over-investing and over-borrowing in a speculative boom.

It's the task of journalists and the political opposition to balance the flow of information to the public. But in the embargo case the public got only one view for a long time. Nobody wanted to appear to favor this deplorable policy.

Yes, some economists showed foresight on both the land price boom and the embargo, but they were drowned out by the politicians and the special agricultural interests. ■

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