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LETTERS

From You...

A Correction...

In the Second Quarter 1992 issue of CHOICES in the letter from George W. Ladd of Iowa State University, the word "disprove" was inadvertently changed to "disapprove." Our error changed the entire meaning of the letter. Thus, we reprint the letter using the correct word "disprove."

— Editor

From: George W. Ladd

Iowa State University

Re: Doering's "Social and Ethical Norms: Appropriate Subjects, etc." (Fourth Quarter 1991 CHOICES)

Reading Otto Doering's article on "Social and Ethical Norms: Appropriate Subjects in Universities, Too" stimulates this letter for publication in CHOICES.

I challenge agricultural scientists to disprove any one or any combination of the following assertions.

- It is not possible to justify the Agriculture Colleges' emphasis on and promotion of increasing efficiency and productivity without making any reference to human values, ethics, or sentiments.
- We publicly employed scientists cannot justify our requests for public financial support without using arguments that concern human values, ethics, or sentiments.
- Science cannot justify its own existence. Extra-scientific considerations must enter into any argument that successfully justifies the existence of science.

Economists Can, Too

From: John Otte

Farm Progress Publications

Re: Leitch's "Speaking Well" (Second Quarter 1992 CHOICES)

I agree with everything Jay Leitch says. Most of us would be far better speakers if we followed his guidelines.

Jay urges us to "Start Off Right." I would add "Finish Strong."

If you can finish strong, the audience will remember you as having given a good presentation—even if the middle is a little weak, which it won't be if you follow Jay's recipe. If you finish strong with the key point you want to make, odds are good the folk will remember your message too. That's the goal.

Academic Obsolescence

From: Bruce R. Beattie

University of Arizona

Re: Bromley's "Vested Interests" (Third Quarter 1992 CHOICES)

In his article in the Third Quarter issue of CHOICES, Bromley comments on the disparaging remarks on interdisciplinary institutes that I had included in the President's Column in the January/February 1992 *AAEA Newsletter* 14 (1). My friend, Dan, misreads me—albeit only slightly. I did not claim that agricultural economics is a discipline. I have on occasion, such as the subject case, referred to disciplines and basic disciplines or in other writing to core disciplines, but never have I suggested that agricultural economics was to be included. On all other accusations leveled at me by my friend Dan (in this particular go-round) I stand justly accused and plead guilty.

In my personal taxonomy of academia, I think of agricultural economics as an applied *field* of economics. Having been a faculty member in an economics department that included agricultural varieties and chair of a combined economics and agricultural economics department, I know better than to allege that of which Dan accuses me. When at cocktail parties attended by "general" economists, I learned (among other things) how to appropriately respond when asked "What do you do?" The question, "So, what do you do," is always the first question you're asked when introduced to an economist. The appropriate answer is not, "I'm a professor," or "I'm an administrator," or even "I'm an agricultural economist." The correct response is "I do IO" (meaning the economics of industrial organization), or "I do resources" (meaning resource economics), or "I do agriculture (meaning agricultural economics). The appropriate answer is some *field* or *sub-field* belonging to the discipline of economics.

Perhaps by virtue of being a sub-field of a discipline, agricultural economics might be thought of as a discipline. To be sure, it is not a fatal flaw to interpret a writer who uses the term (academic) discipline to be extending that term to embrace the component fields and sub-fields of the appropriate parent discipline. This goes double when the subject "paper" appears in the association newsletter of a particular sub-field. Nevertheless, I think it better to think of the work that agricultural economists do as fields of inquiry belong to the discipline of economics. In retrospect, I could have chosen more precise language, e.g. the expression "discipline-based departments" comes to mind. I presume Dan would agree, and I presume it was the context that motivated his mistaken allegation.

On a more serious note, I find Bromley's analysis of colleges of agriculture and agricultural economics departments insightful, his view of economics departments somewhat less so, and his "applied economics" solution problematic—politically infeasible and likely less sustainable than our present situation. The fields of agricultural economics and resource economics are understandable (at least to insiders), non-threatening to (or turf encroaching on) economics departments, and are thus politically possible titles for agricultural economics departments. Applied economics, on the other hand, is likely not doable at those universities where the economics faculty/department believe they do applied work. I expect the latter encompasses a rather sizeable number of economics departments at land grant universities.

(Note: For additional insight on naming the economics sub-field we presently call "agricultural economics," see James P. Houck's 1992 Presidential Address to the American Agricultural Economics Association—forthcoming in the December 1992 issue of the *American Journal of Agricultural Economics*.)

From: Daniel W. Bromley
University of Wisconsin-Madison
Re: The Author Responds

I suggest that Bruce's preferred name (agricultural and resource economics) perpetuates the same exclusionary specificity we now face. That is, the name excludes recognition of those among us who work on economic development, macroeconomic policy, international trade, and state and local public finance. Therein lies the flaw in searching for a name with modifiers referring to fields (or sub-fields).

A more troublesome aspect of his approach—that we are simply fields of economics—fails to address the ultimate question of why we should exist apart from our “parent” department. Why, someone might be tempted to ask, are labor economics, international economics, and public finance in economics departments, while agricultural economics and resource economics somewhere else? My answer, as in my original article, is that these “fields” only exist separately because of colleges of agriculture. This, I fear, is not much security.

My affinity for *applied economics* comes from the experience of other departments that faced similar problems through history. At many universities, agricultural chemistry departments became biochemistry departments. They continue to thrive in the presence of chemistry departments. Another model is found in the genesis of departments of statistics. Like agricultural economics, statistics grew out of a “parent” discipline (mathematics).

Bruce defends the name *agricultural and resource economics* on two grounds: (1) the terms are understandable (at least to insiders); and (2) they are non-threatening to departments of economics and therefore are politically possible. I find both arguments flawed.

First, the problem for us is precisely not one of finding terms that speak to other economists (“insiders”), but rather finding terms that speak to parents, potential students, and the larger community interested in economic advice. When one states that they are in a department of agricultural and resource economics, two things occur: (1) incomplete information is conveyed in that the name excludes some activities therein; and (2) non-economists haven't the slightest clue what to make of “resource economics.”

Second, that *agricultural and resource economics* is non-threatening—and therefore politically possible—is the very best evidence that those in competition for the same students know very well that we cannot hurt them with that title. Having taken on a name that remains misleading and incomprehensible to outsiders, economics departments remain secure in their student base. Only those names that seem threatening to departments of economics will increase our market share.

We can only survive in the new economics of higher education if we have a student base commensurate with our faculty base. That this implies a tough struggle with economics departments to divide up the student base should be obvious. Momentary expediency, with misleading, incomplete, and non-threatening departmental names, only compounds the impression that meaningful change is too difficult for the comfortable to contemplate. Only revolutions cure the curse of complacency.

The title *applied economics* moves us beyond the false specificity of a few modifiers such as agricultural, food, and resource. By being general, the modifier does not mislead. More importantly, it does not narrow our focus but expands it. *Applied economics* invites the reader (or listener) to imagine a wide range of activities conducted under that title, and to inquire about that breadth. From this, students will be impressed, and their parents will be reassured—something that does not happen now. The

political dimension can be addressed by frank discussions with our colleagues in economics departments. Many of them are burdened with heavy teaching loads. Campus administrators have an incentive to balance out that situation, and economics faculty have a similar interest. Rather than regard this as a new teaching “burden” for us, the greater wisdom is found in the realization that only by this route will we survive.

Pro or Con for Blocs

From: Amy Angel
Texas A&M University
Re: Goodloe and Raney's “Trading Blocs”
(Second Quarter 1992 CHOICES)

I was pleased to read a relatively thorough discussion of the pro and con arguments about trading blocks, which seemed to avoid most of the rhetoric which usually dominates such discussions. However, I believe some clarifications should be made concerning the “Reasons to Avoid Regional Trading Blocs.”

Raney fails to make the distinction between a free trade area, such as the proposed North American Free Trade Agreement (NAFTA) between Canada, the United States, and Mexico, and a customs union, such as the European Community. In a free trade area, only internal, inter-member trade measures are harmonized or coordinated, while in a customs union, both internal and external measures are included. The European experience with the Common Agriculture Policy is unlikely to occur in a free trade area where each individual country decides what trade measures it will apply toward goods from non-member countries. With this distinction, political hijacking may occur on an individual country basis, but is unlikely to occur throughout the trading bloc.

The criticism of trading blocs' need for rules of origin and proliferating tariff schedules in reality is not applicable to trading blocs alone. The United States, for example, trades with countries who have most-favored-nation status, or are eligible for the generalized system of preferences, and are therefore subject to different tariff schedules than other countries and would also be subject to rules of origin to prevent free riders. Should such preferential trading arrangements, which benefit many developing countries, be similarly avoided? Also, many nations are not signatories of the multilateral General Agreement on Tariffs and Trade (GATT), and therefore, many do not adhere to GATT rules. Again, different tariff schedules might be required for these countries, even if GATT were able to reduce all signatory countries' trade barriers to zero.

Finally, I fail to understand the distinction between the unsuitability for agricultural trade of regional trading agreements and that of the GATT multilateral system. Agriculture had previously been quietly passed over in previous rounds of the GATT and only in the current round has received serious attention. The problem in negotiating reductions in agricultural trade barriers stems from two main factors. First, non-tariff barriers are used extensively in agriculture and seem more difficult to negotiate because they are more difficult to quantify, leading to problems in the numerical give and take of negotiations. Second, agriculture in many countries is a sacred industry, whether it be for social reasons, such as “Save the family farm—an American institution,” or political reasons, where farmers have strong political clout or where agriculture is a main source of employ-

ment, which contributes to political stability. Raney states that previous treatment of agriculture in regional trading agreements "has either been piecemeal or not especially relevant to world agricultural trade." NAFTA may provide a strong contradiction to this statement, where agriculture is one of the main discussion groups and large concessions appear to have already been made for many agricultural products in all three countries. While NAFTA may not eliminate all barriers to agricultural trade between its members, it is expected to provide significant reductions in these barriers.

From: Terri Raney

Economic Research Service, USDA

Re: An Author Responds

Angel missed the point of several of my "Reasons to Avoid Regional Trading Blocs" and, in some cases, refuted positions that are not mine. I do not believe that bilateral and regional movements toward trade liberalization are always bad. It is my position that their economic and political costs sometimes outweigh the potential benefits.

Angel notes that agricultural policy is difficult to liberalize and cites the recently signed NAFTA as a success for the regional approach in securing trade reforms. I agree with Goodloe's original point, however, that it was the Mexican government's desire to lock in ongoing domestic reforms that secured the success of NAFTA, not NAFTA which prompted Mexican reforms. NAFTA provided the necessary external pressure—and the political cover—which allowed the Mexican government to "accept" badly needed domestic reforms.

Angel argues that free trade areas are less susceptible to political hijacking than are customs unions. The differential external barriers which she cites as insurance against hijacking are, themselves, the source of many of the economic costs of free trade areas. Further, the European example suggests that regional preferential arrangements tend to evolve toward deeper forms of integration as members attempt to avoid the costs associated with maintaining separate national policies. If Angel's thesis is correct, then the susceptibility of a regional agreement to hijacking would tend to increase over time.

Angel states, correctly, that trading blocs are not the only source of proliferating tariff schedules and rules of origin. Neither is cigarette smoking the only cause of lung cancer, but no responsible medical doctor would advocate it. Economic welfare is greater with an open, non-discriminatory multilateral trading system than with a web of bilateral agreements. NAFTA, which actually consists of three bilateral agreements rather than a single regional agreement, has encouraged other countries to enter bilateral discussions with the United States. But more bilateral agreements are unlikely to foster multilateral reform or even wider regional openness. A "hub-and-spoke" system may be emerging, creating a tangle of trade rules that only a lawyer could love. As an economist, I advocate containing the rules-of-origin monster rather than surrendering to it.

Meanwhile, the Uruguay Round GATT negotiations languish. There are many reasons for the continuing GATT stalemate, of course, but one factor may be the regional preoccupation of policymakers, analysts, and negotiators from Mexico to Maastricht to Malaysia. Europe remains absorbed by regional monetary and political union. There are at least eight bilateral or regional trade agreements on record in Latin America now, and the number seems to increase monthly. The Association of Southeast Asian Nations sees NAFTA as a hostile "Fortress North America" and has renewed its efforts to create a defensive trading bloc. While

economists debate the degree to which NAFTA may divert trade and investment from Asian countries, they may be building a fortress of their own.

In a simple theoretical world, a trading bloc may improve the welfare of its members without hurting others. In the real world of trade negotiations, nationalist rivalries, and burgeoning bureaucracies, trading blocs could be a costly diversion from multilateral liberalization.



From: Gerald F. Vaughn

University of Delaware

Re: Browne, Skees, Swanson, Thompson, and Unnevehr's

"Stewardship Values" (Third Quarter 1992 CHOICES)

The authors of the essay "Stewardship Values: Still Valid for the 21st Century?" point to myths that cause "the failure of agricultural policy to address environmental issues." In my view the bigger myth, which desperately needs to be dispelled, is that agricultural policy *can* effectively address environmental issues. We should stop expecting agricultural policy to do much of a job in improving environmental quality. Every day spent on trying to do the job by agricultural policy just delays the search for more effective solutions.

Certainly farm policy and programs should include all reasonable provisions to help improve environmental quality. These programs should become more resource-protecting and less resource-exploiting. However, it is unrealistic to expect that the programs can eliminate or reduce most agricultural pollutions, since they will have steadily less impact on the majority of farmers.

The U.S. agricultural economy increasingly is being integrated into the aggregate economy worldwide. Broad monetary, fiscal, and trade measures will have relatively greater impact on farmers than farm policy and programs will.

Lest we forget: Farm price and income support programs are *voluntary*...farmers don't have to sign up. Budget constraints will reduce the appeal and impact of farm programs. Fewer growers of program crops will choose to participate, so even for these crops farm programs will be a weak tool to compel environmental improvement.

Moreover, livestock and poultry production aren't covered by farm programs, which therefore gives no leverage against manure pollution...a major pollutant. Vegetable growers also aren't covered, and some of the most toxic chemicals are used in growing vegetables.

The environmental coalition knows that farm policy and programs have little bearing on reducing agricultural pollution. The 1985 and 1990 farm bills have not demonstrated superior effectiveness toward that objective. The environmental coalition, while seeking to make sure that future farm bills are no less resource-protecting, will take the major battle against agricultural pollution into other public policy arenas...with fewer farm-state senators and representatives on the relevant committees.

Reauthorization of the Clean Water Act will be one such arena. Mandatory controls against non-point source water pollution from farms likely will be sought. Reauthorization of the Coastal Zone Management Act in 1990, with its strong non-point source management measures for agriculture, was the stalking horse for the Clean Water Act.

The authors of the essay state, "The public expects farmers to be all things: to be profitable, to be stewards of the environment, and to be producers of a cheap, safe food supply." Public policy will be directed mainly to improving the environment and food safety, with some attention to food prices if rising too rapidly. The last thing the public cares about is whether farming is profitable. Farmers will have to find ways, on their own and with assistance from research and extension, to be profitable.

Harold F. Breimyer has said "paying people to be (do) good" will not continue and some "environmental pressures may be so strong, so premonitory of health-risking danger, that mandatory rules will be imposed." Farmers who find they cannot afford to farm more sustainably will leave farming. The public will not bail them out. The only alternative for each farmer is to realize that his/her self-interest calls for farming in the most resource-protecting ways he/she can learn.

From: James R. Dunn

Dunn Corporation

Re: Browne, Skees, Swanson, Thompson, and Unnevehr's "Stewardship Values" (Third Quarter 1992 CHOICES)

The article about stewardship values presents one side of a complex issue. The authors could have balanced their article by adding the following:

- There are over a million farm ponds more than compensating for wetland loss so far as water birds are concerned. Most species of water fowl are on the rise, some startlingly so (like wintering Canadian geese in New York, up 2600 percent since they were first inventoried in the 1940's).

- High per acre agricultural productivity is mandatory for good stewardship. From 125 to 140 million acres of new forest exist (since about 1920) in the eastern two-thirds of the U.S. because we no longer need the land for agriculture. The gain in wildlife in these woodlands is enormous. Further, the reforestation greatly reduces erosion while improving water quality. We should be very suspicious of anything which could reduce farm productivity, because that could create a stewardship problem with forests.

- Finally, whatever the problems the authors visualize from pesticides, with our proliferation of wildlife and our steadily increasing human longevity, we obviously must be doing something right.

Living in a new forest filled with wildlife and enjoying a clean lake as I do, I very much appreciate the stewardship of the previous generation. And the efficiency of our modern agriculture is like a shining star that the rest of us could well follow.

**From: William P. Browne, Jerry R. Skees,
Louis E. Swanson, Paul B. Thompson,
and Laurian J. Unnevehr**

Central Michigan University, University of Kentucky, University of Kentucky, Texas A & M University, and University of Illinois
Re: Stewardship Values" (Third Quarter 1992 CHOICES)

There is little reason for us to comment at length on the Vaughn and Dunn letters. A few brief remarks will do. We agree with Vaughn that agricultural policy—as essentially economic policy—is incompatible with environmental policy. In fact, we elaborate on that position in our book *Sacred Cows and Hot Potatoes*. However, we very much take exception to Vaughn's implication that economic policy is inappropriate. Given the

economic importance of the sector, and the social value attached to farming in the U.S., agriculture's problems in an internationally interdependent economy will continue to be a subject of public policy concern. To think otherwise is foolish, shortsighted, and politically naive. Economic and environmental issues, as those of food safety, will continue to get attention from policymakers.

That comment, of course, brings us to Dunn. We certainly, as readers can see from our comments to Vaughn, want balance. Therefore, we applaud Dunn's commitment to an idyllic rural environment. No doubt agriculture has done much to enrich his surroundings and that of other Americans. The benefits of both 130 years of agricultural policy and agricultural development are part of a national legacy. But, our point is that there also have been negative consequences.

Like Dunn, one of our authors lives adjacent to a northern forest, overlooking the river on a multigenerational family farm. For every splendid euphoric moment that he enjoys, he experiences another of considerable anxiety. As our co-author finds river banks trampled by cattle, silted river bottoms, exhausted soils bordering the forest, oil sludge in his wetlands, and abandoned pesticide containers, he wonders just how this farm family values our shared environment. And where was the agricultural establishment in advising these farmers? The move to an environmentally sound agriculture, we conclude, has been slow and it is as yet incomplete.

More Fair To Some

From: John A. Schnittker

Schnittker Associates

Re: Nuckton and Gardner's "Deficiency Payments" (Second Quarter 1992 CHOICES)

Nuckton-Gardner propose to amend the deficiency payments system to provide differential payment levels, and therefore, more uniform unit returns to farmers producing all classes and qualities of wheat. They object to the fact that farmers in the Pacific Northwest, for example, get the same deficiency payment as do farmers in more remote areas, after selling their wheat in the market for higher prices.

The Nuckton-Gardner thesis has two serious flaws. First, it ignores the fact that farmers in certain locations (like the PNW) receive higher net prices at the farm for a good economic reason—their transport costs to the port or other markets are lower. It would be folly to offer lower payments to nullify location value. Second, some areas produce wheat that has a higher unit value than other wheat at any point in the marketing chain. A payment scheme should not offset demand-driven quality premiums. After nearly 30 years of painfully pursuing farm policies and farm program provisions that are slightly more market-oriented than before, it would be counter-productive to distribute deficiency payments so as to nullify the market-based advantages and disadvantages of location and quality.

The important task facing policymakers in the mid-1990s is not to risk political ruin by pitting one farming region against another, as the revised payment scheme would do. It is to distribute the declining pool of federal money available to farmers and rural people as equitably as possible to supplement low personal incomes and to support education and jobs in rural areas. Lower deficiency payments to farmers who get high average

prices because they are near the market, or who produce a high quality product do not meet that test.

From: Craig Jagger

USDA, Agricultural Stabilization and Conservation Service
Re: Nuckton and Gardner's "Deficiency Payments"
(Second Quarter 1992 CHOICES)

Fortunately, Professors Nuckton and Gardner do not really want to calculate separate deficiency payments for 400 different wheat *varieties*. Their proposal, correctly stated, is to calculate separate deficiency payments for each of the five major wheat *classes* based on the same target price for each class. Just another variation on an old theme, it fails on several counts.

Nuckton and Gardner's proposal violates the fundamental principle that deficiency payments are "safety nets" for program participants when market prices are below politically acceptable target levels. By equalizing target prices across classes, Nuckton and Gardner provide *lower* safety nets to producers of higher-priced classes. This is *not* equitable. After all, market prices vary for legitimate reasons: differences in available supplies (quantity, quality, and location) and demand. Further, producers of all wheat classes must comply with the same acreage reduction program requirements to qualify for deficiency payments.

To provide equitable safety nets, the target price for each class must be set relative to the market price for each class. This, in effect, occurs under the current system; the market each year establishes an "effective" target price for each class (calculated as the sum of the all-wheat deficiency payment rate and the average market price for each class) based on prevailing market relationships. For the 1991 all-wheat payment rate of \$1.35 per bushel and hard red and white wheat prices of \$2.63 and \$3.13, "effective" target prices are \$3.98 and \$4.48. While different target prices could be set explicitly, using the market likely causes fewer distortions because it is automatic, simple, current (not based on past or forecast relationships), and less subject to direct political manipulation. Although price spikes in one year may give "higher-than normal" effective target prices for some classes, resulting supply and use adjustments should, over time, move relative prices and average payments toward "normal."

Nuckton and Gardner's proposal increases production distortions and reduces economic efficiency under either alternative for determining payment production. If wheat base acres are partitioned by class, producers cannot adjust their by-class plantings when relative returns change. If payments are based on the wheat class planted, producers will incorporate expected by-class payments into by-class planting decisions. This would shift benefits and costs (and land values) among regions and producers. Currently, by-class plantings and planting history do not affect producers' deficiency payments.

Nuckton and Gardner's proposal further complicates already-complicated programs. It increases producers' compliance burdens and the potential for fraud. USDA price estimates would have to be expanded from the current four to all five classes. (For other program impacts, see USDA's Congressional testimony that I prepared for Keith Bjerke, ASCS Administrator).

Because Nuckton and Gardner use inappropriate data and incorrect formulas, their rate and cost estimates are wrong. For example, their calculations of actual, all-wheat deficiency rates for 1988 to 1990 err by 9 to 26 percent. Their estimate of "excess payments" to white wheat producers for 1988 is, by my calculation, 63 percent too high. Although formulas are complicated, payment rates generally—except in low-price years—are determined by a 5-month price (not a market-year price) and pay-

ments are based on fixed program yields and payment acres for participating farms (not actual production).

Finally, Nuckton and Gardner fail to recognize statutory restrictions and political realities. Their proposal would require more than a simple procedural change—it would require new legislation. In a recent House subcommittee hearing on wheat deficiency payments by class, the testimony of all four witnesses regarding the Nuckton-Gardner proposal was, according to Knight-Ridder News, "largely negative." Exchanges among several Representatives were heated because the Nuckton-Gardner proposal would redistribute payments among regions. In doing so, it upsets what Kenneth L. Robinson has called the "political equilibrium" of commodity programs. If Nuckton and Gardner's article had better analyzed the issues (and if 1992 were not evenly divisible by two), the hearing might not have been held. In any case, additional consideration—much less, adoption—of the Nuckton-Gardner proposal is unlikely because of its inherent "safety net", economic efficiency, administrative, and political problems.

**From: Carole Frank Nuckton and
B. Delworth Gardner**

Oregon State University and Brigham Young University
Re: The Authors Respond

John Schnittker points out two "flaws" in our argument. First, he says we ignore the fact that farmers in certain locations receive higher net prices at the farm level for a good economic reason: their transport costs to the port or other markets are lower. Well, we did not use "net" prices in our illustration. We used "Wheat farm prices for leading classes in U.S. regions," as reported by NASS and ERS—farmgate prices received, not net of anything, especially not transportation. (By the way, the same USDA publication reports prices at the various terminal markets. For 1988-89 when the PNW annual average farmgate price was \$4.14 (the price we used in our illustration), the average price in Portland was \$4.53; when the average farmgate price for hard red winter was \$3.74, the average Kansas City price was \$4.17.) We fail to see how differences in transport costs are relevant to our argument.

Second, Schnittker says that some areas produce wheat that has a higher unit value *at any point in the marketing chain*. We agree completely, for that was the exact basis of our argument: The two types of wheat really are different products. Their end uses, markets, and market prices differ, as we explained in our article. We argued, therefore, that the U.S. average market price for all wheat should not be used as the basis for determining equitable deficiency payments.

Our same argument could be made against using the U.S. average market price to figure deficiency payments for rice or cotton produced in the southern United States and for that produced in California. Or if there were deficiency payments for tree fruit, we feel the U.S. average market price would be neither efficient nor equitable in determining payments to apple growers and orange growers.

Jagger's objections are difficult to understand. He says that our equity proposal "equalizes target prices across wheat classes." We proposed no such thing. Congress sets the target price for wheat, thereby providing a safety net for all producers. We suggested that it would be more equitable to use average prices by regional classes in figuring the deficiency payments, because some regional classes received above-average market prices.

Jagger also says that if payments were based on wheat classes,

then producers would switch and plant the class offering the best deal. Well, yes they would—if they could do so economically. The point again is that the classes are different products, requiring different production methods.

As for the accuracy of our data, we simply used the available published USDA data. Jagger does not indicate the source of his “correct” data. But more importantly, in our article the data were only used to illustrate our point, not as a recommendation for actual deficiency payments.

We grant that the efficiency implications of differential deficiency payments among various classes of commodities (wheat, rice, cotton) would need to be thoroughly examined before a policy change is made. Our purpose was to show the inequities of the current policy. Our conclusions stand despite the objections raised by Schnittker and Jagger. It remains the burden of economists to analyze the efficiency and equity implications of government programs. Whether changes are politically feasible must be left to those laboring in the political arena.

IT'S A DILEMMA

From: John Ikerd

University of Missouri-Columbia

Re: Hoag and Pasour's "Training in Sustainable Agriculture Dilemma" (First Quarter 1992 CHOICES)

Mandated education does not necessarily suggest that the subject is “socially beneficial and should be adopted.” If we mandate sex education in high schools, are we advocating sexual activity by teenagers? Mandated education simply means that we feel the targeted audience should be *informed* about a particular subject. The sustainable agriculture training program is supported by farmers who have found their extension agents to be uninformed about alternatives to industrial farming methods. To quote a Missouri farmer, “The local county extension office could not help us. They didn’t seem to know anything about ridge tillage or cover crops; only which chemicals to prescribe.” These farmers want their extension agents be *informed* about alternatives to industrial methods of farming.

The question of who will train these agents is a good one; particularly in light of the fact that agricultural researchers know no more about sustainable agriculture than do extension workers. The answer to the question is in the legislation. Extension agents will facilitate “farmer-to-farmer information exchange networks, promote farm tours and field days, promote farmer input into extension and research,” and otherwise promote farmers’ sharing of information. Farmers will learn primarily from each other. Extension agents need to be trained to facilitate this learning process.

On the question of tradeoffs, farmers evaluate economic, environmental, and social tradeoffs and make important decisions every day. Such decisions must be made, and will be made, with or without our help. People are capable of making their own decisions. But they need help in understanding their options and in assessing the potential consequences of alternative actions.

What’s new about sustainable agriculture? First, the concept of agricultural sustainability is *not* new. Sustainability is a goal or end that can be, and is being, pursued through a variety of strategies or means. However, the concept of *sustainable* agriculture has become associated with a specific *alternative* to the industrial *model or paradigm* of farming. This alternative model is

dynamic, integrated, site-specific, and individualistic in nature. The sustainable model of a farm is analogous to that of a living organism, whereas the industrial model is more like a machine or a factory. A living organism has many complex and critically interrelated parts that must function “holistically.” The individual parts must work together to ensure the health and survival of the whole.

Sustainability is not a characteristic of farming practices, methods, or enterprises but, rather, is a characteristic of whole-farm systems. I agree with the authors’ assessment that most of the sustainable agriculture research to date has been component research rather than systems research. We know a good bit about farming practices, methods, and enterprises, but we know very little about how to fit those pieces together into sustainable farming systems. We’re “smart in the parts but dumb on the whole” as one farmer puts it. However, to say that we know very little does not mean that very little is known. Farmers already know a good bit about how to fit the pieces together; enough to support a sustainable agriculture training program.

Extension workers don’t have to learn something first and then pass it onto farmers. The technology development and transfer model may be appropriate for an industrial agriculture, but it is not well suited for a “holistic” model of farming. We can help farmers learn from each other. We don’t have to be the experts. We can be facilitator instead. We can facilitate the sharing of infinitely more knowledge and information among farmers than we can ever expect to acquire and pass on by ourselves.

On the question of profitability, there are inherent conflicts between short run profitability and long run sustainability. However, farming decisions are made in a dynamic environment. Thus, farms are not in profit maximizing equilibria at all times. In fact, many farmers are finding ways to improve both the economic and environmental performance of their farming operations (see references). Other farmers are interested in learning from those who have found better ways to farm.

Hoag and Pasour conclude their article by suggesting that agricultural economists should make their contribution by emphasizing the potential problems and pitfalls of Land Grant Universities in supporting sustainable agriculture. That may be an important job, but it is already being carried out with vigor and enthusiasm by many Land Grant scientists, by agribusiness, and by the conventional agricultural establishment.

Finally, the authors conclude that extension cannot teach sustainable agriculture because the concept is loose and imprecise. This conclusion again reflects an industrial agriculture mind set. The industrial model assumes that the important problems of agriculture are common among large numbers of farmers and that such problems can be clearly identified, precisely defined, and universally solved. The sustainable agriculture model is holistic, dynamic, site-specific, and individualistic. The problems and solutions are complex and continually changing. Problems and opportunities are unique to individual farms and even individual fields on farms. Farmers must manage unique resource systems of which they and their families are integral parts. The important aspects of this issue are loose and imprecise by their very nature.

The *horse* that must pull the *cart* for agriculture in the future is neither the extension worker nor researcher but, instead, is the farmer. Our job is to help farmers pull their own *carts*, not to pull their *carts* for them. Our old paradigms are simply not adequate to address the challenges of farming as we approach the new century.

For information of potential profitability of sustainable farming systems, see:

• Hallberg, G. R.; C. K. Constant; C. A. Chase; G. A. Miller; M. D. Duffy; R. J. Killhorn; R. D. Voss; Am M. Blackmer; S. C. Padgett; J. R. DeWitt; J. B. Gulliford; D. A. Lindquist; L. W. Asell; D. R. Kenney; R. D. Libra; and K. D. Rex. "A Progress Review of Iowa's Agricultural-Energy-Environmental Initiatives: Nitrogen Management in Iowa," a Joint Report from the Integrated Farm Management Demonstration Project, the Model Farms Demonstration Project and the Big Springs Basic Demonstration Project, Iowa Department of Natural Resources, Des Moines, IA, December 1991.

• Ikerd, John E., Sandra J. Monson, and Donald L. Van Dyne "Financial Incentives Needed to Encourage Adoption of Sustainable Agriculture," Special Project Report, Department of Agricultural Economics, University of Missouri-Columbia, Columbia, MO, April 1992.

From: James C. Hanson

University of Maryland

Re: Hoag and Pasour's "Training in Sustainable Agriculture Dilemma" (First Quarter 1992 CHOICES)

Hoag and Pasour noted that it would be foolhardy for Cooperative Extension Service (CES) to pursue a sustainable agriculture training program because the concept is poorly defined and researched. Schaller countered that for these exact reasons, CES should become involved; training is a dynamic exercise where these questions can be addressed. While Hoag and Pasour raise valid questions, the sustainable debate is too far advanced for CES not to be involved. However, the approach to the sustainable issue does matter; semantics and premises are crucial. At this point, inclusiveness not exclusiveness appears to be a better approach.

Sustainable agriculture is an "end" to which we are striving, not the "means" to get there. CES cannot and should not try to teach sustainable agriculture (end), but it can teach agricultural practices (means) that increase profitability *and* enhance the environment, and which will lead us to our end of a national sustainable agriculture system. This training is appropriate for its agents or farmer clientele.

In addition, by focusing on appropriate technologies, CES can avoid the seemingly unresolvable debate about the exact characteristics of sustainable agriculture. This lack of definition, notwithstanding, it is clear that society wants agriculture to significantly reduce its degradation of the environment. CES through its focus on "means" can respond to this challenge.

Finally, while a segment of farm operators respond to the sustainable agriculture approach, the majority do not. Some farmers are not comfortable with the sustainable tag. Even so, the vast majority of these farmers are supportive of environmental goals, they just do not want to be labeled as sustainable agriculturists. CES, as an inclusive organization with county offices around the U.S., needs to avoid the perceived exclusive approach associated with this movement.

The University of Maryland's extension program *PACE—Profitable Agriculture and a Clean Environment* illustrates the kind of approach I advocate. Without sacrificing the core values of sustainable agriculture, which are stated clearly in the title, it is an inclusive approach.

PACE has two components: onfarm participatory research and farmer educational material. The program emphasizes technologies (means) which will generate a sustainable agricultural system (end). It is our experience that most farmers will come to a meeting to discuss the value of rotations in disrupting pest cycles

or generating onfarm nutrients, but not to discuss sustainable agriculture. In addition, the *PACE* name neutralizes the aversion that many farmers might feel for the sustainable agriculture label. Finally, the onfarm research partnership between extension and farmers insures that a practical, site-specific, and whole farm approach is taken in developing the means to achieve a sustainable agriculture. Written summaries of these efforts in annually released *PACE Updates* are important sources of information for farmers and inservice workshops for agent training.

Maryland's program is not the perfect answer to society's concerns about agriculture and the environment. As a middle of the road program, it is open to criticism from both extremes. In response to those in the agricultural community that wish all this rhetoric about sustainable agriculture would disappear, *PACE* suggests that a more inclusive approach is necessary if significant changes are to occur in farm level behavior across the United States.

From: Dana L. Hoag and E.C. Pasour

North Carolina State University

Re: The Authors Respond

Hanson correctly characterizes our view "that it would be foolhardy for Cooperative Extension Service (CES) to pursue a sustainable agriculture training program because the concept is poorly defined and researched." We agree with him that the CES should teach those practices that increase profitability *and* enhance the environment. A policy problem arises, however, when production practices are environmental friendly but are *not* profitable to the individual farmer. The problem is no less acute when production practices *are* profitable but are not environmental friendly. What is the CES to do in these situations? We suggest that research and extension are more likely to develop and educate farmers about systems based on underlying science and technology without a legislated mandate. The *PACE* program in Maryland, cited by Hanson, is consistent with this approach.

Ikerd suggests that our approach reflects an "industrial agriculture" mind set that is insufficiently flexible to cope with today's problems. We agree that a certain amount of inertia exists in any long-standing institutional arrangement, such as the land-grant university-USDA system. However, we question whether the "industrial model" is less dynamic and flexible than the SA model.

We also agree that Extension should assist farmers in adapting farming technology so that it is dynamic and site-specific. However, Ikerd's assumption that Extension personnel are not already integrating and adapting information to meet local farm needs and conditions may not be correct; it is certainly in their interest to do so. And most agents and farmers probably would say that they are doing so.

Two points warrant emphasis. First, Extension is likely to be most effective when left free to be responsive to researchers, policymakers, and local clientele—not pinned down by a federal mandate for a Master Plan.

Second, caution on the part of the land grant-USDA system is prudent in promoting a program with poorly defined and frequently conflicting objectives. Hanson points out that the majority of farmers who are supportive of environmental goals do not respond positively to the SA label. Thus, it is likely that the CES can do more to achieve widely shared objectives, including environmental goals, by providing information about how production practices affect these goals than by focusing directly on SA. **C**