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AGRICULTURAL LAND USE POLICY: SOME PERSPECTIVES AND OBSERVATIONS

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The difficulties encountered by commercial farmers when prime agricultural areas are penetrated by urban and urban related land uses have become common knowledge to those concerned with the future of rural America. Problems of higher property taxes, inability to acquire more land at an affordable price or to secure long term rental arrangements, uncertainty as to the wisdom of capital investments necessary to maintain a competitive cost structure, police power restrictions on normal farm activities, and losses from trespass, vandalism, and liability suits are frequently mentioned. It is suggested here that the most insidious and devastating effect, often overlooked, generally underrated, and enormously difficult to deal with, may well be the "artificial" inflation of land values.[2/] Although present day owners may be justified in viewing this simply as a paper cost of staying in farming, the next generation of farmers will be faced with a significant real cost that will impinge severely upon profits unless it can somehow be passed on to the consumer.

[1/] Adapted from a talk given at a seminar on "The Future of S.E. Minnesota - Region 10 in 2000" sponsored by the Southeastern Minnesota Regional Development Commission at the Holiday Inn-Downtown, Rochester, Minnesota, on 25 September 1975.

[2/] Recent dramatic increases in the value of land for farming and a depressed level of activity in housing development accentuate the difficulty of recognizing the probability of future problems. This has also given us a breathing spell we can use to our advantage.

The probability that such high priced land will be purchased by bona fide farmers is inversely proportional to the difference between market value and the price that can be justified by returns to farm enterprises. The gradual but relentless impact on the total agricultural economy is not easily seen in the short run, but will manifest itself as land ownership changes occur over time. It should carefully be noted that impacted areas are not only those in which compact residential subdivisions appear. In fact, scattered rural nonfarm development, though seemingly innocuous, may generate adversities of greater magnitude for commercial farming taken as a whole.

Widespread recognition of these difficult-to-resolve, cost-increasing impingements on agriculture coupled with recent food price advances and energy concerns has led many to believe that "preserving prime farm land" should take its place beside "saving the environment" as one of the crucial land use issues of our time. Many factual dimensions of this perceived problem are not well understood. What is our physical resource base? Is there enough cropland to supply future needs? What will happen to food costs? Is there a world food crisis? Where will food and fiber be produced in 1980, in 2000? Perhaps most significantly, what can be done to mitigate land use problems if they are worthy of our attention? This paper will attempt to answer some of these questions, although a complete discussion of relevant considerations cannot be encompassed in such a brief presentation. The discussion which follows gives emphasis to the adequacy of our physical resource base for food and fibre production

and other land using activities, the basis for national concern over mixed land use effects on agriculture, the nature of state and regional problems associated with urban penetration, obstacles to a successful resolution of rural land use problems, necessary elements for preserving commercial agriculture in areas threatened by nonfarm development, and specific institutional devices that could be activated in the pursuit of a rational use of land resources in rural areas.

Future Cropland Needs

It must be conceded that a significant expansion of land area needed for growing crops cannot be supported by factual analysis. According to the Economic Research Service of the U.S. Department of Agriculture, the nation's present cropland resources can more than supply domestic and export needs through the year 2000 (12). In fact, as shown in Table 1, projected needs in the year 2000 can be met by cropping 298 million acres as compared with 333 million acres that were actually used for crops in 1969. These projections admittedly do not fully compensate for recently emerging energy or environmental factors, but they do include adjustments for changes in diet due to a much higher per capita income for a population 30 percent above 1969 and for projected increases in export demands and opportunities. They obviously also consider gains in crop and animal production resulting from the application of new and existing technology. Although based upon estimates of future determinants of demand, these projections suggest a continuation of an historic trend which has seen total acreage used for crops stabilize at something less than 400 million acres

Table 1. Past and Projected Uses of Land in the Contiguous 48 States, Selected Years

Land use	Year			
	1949	1969	1980	2000
	Million acres			
Cropland used for crops	387	333	320	298
Cropland harvested	(352)	(286)	(292)	(272)
Forest and woodland	601	603	591	578
Pasture, range, and other agricultural land	768	767	771	782
Urban and related	42	60	66	81
Other special uses and miscellaneous uses	106	134	149	158
Total land area	1,904	1,897	1,897	1,897

Source: U.S. Department of Agriculture (12)

since 1920, shown in figures 1 and 2, while our population has approximately doubled[1/] and substantial increases in real per capita income have multiplied the demands of individual consumers.

The withdrawal of cropland for actual use for urban and urban-related purposes is expected to have only a modest impact on available cropland through the year 2000. The Economic Research Service projects an increase of 21 million acres in total land area devoted to these uses, slightly more than the 1949-69 period when federal highway building had a substantial impact (See figure 1). Some, but not all, of this 21 million acres will be cropland. Other uses, including surface mining and recreation, are also expected to have only a marginal effect on available cropland in total, but may be significant in some areas. Any assessment of the impact on available cropland of other uses competing directly for its use must be viewed in the context of a continuous shifting in and out of cultivation caused by a multiplicity of economic and institutional forces. Total conversion of cropland to other uses currently averages over $2\frac{1}{2}$ million acres a year, partially offset by $1\frac{1}{4}$ million acres of other land brought into cultivation, often after improvement and development (12). Much of the land converted out of cultivation can be referred to as "technologically displaced" because it has failed to respond to increased fertilization, improved varieties of crops, and other modern farming techniques.

[1/] Census population estimate for 1975 is 210 million people compared with 106 million in 1920.

Figure 1. Major Uses of Land in the United States, 1900-1969

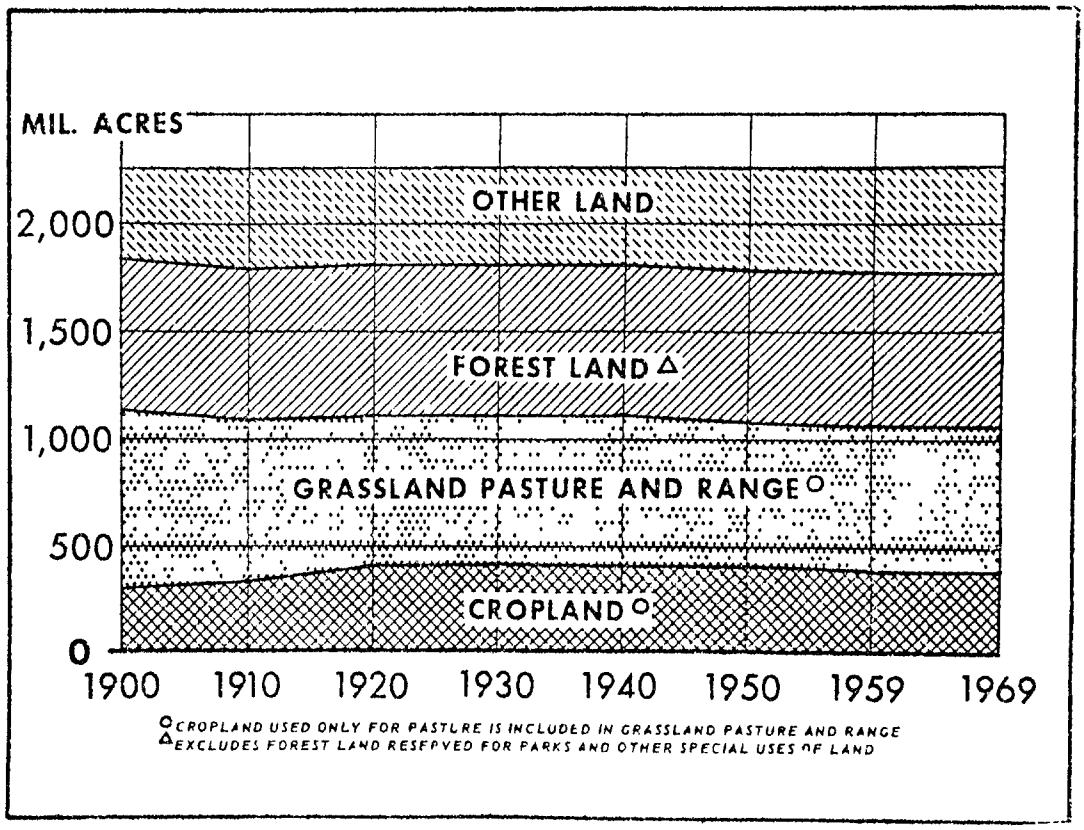
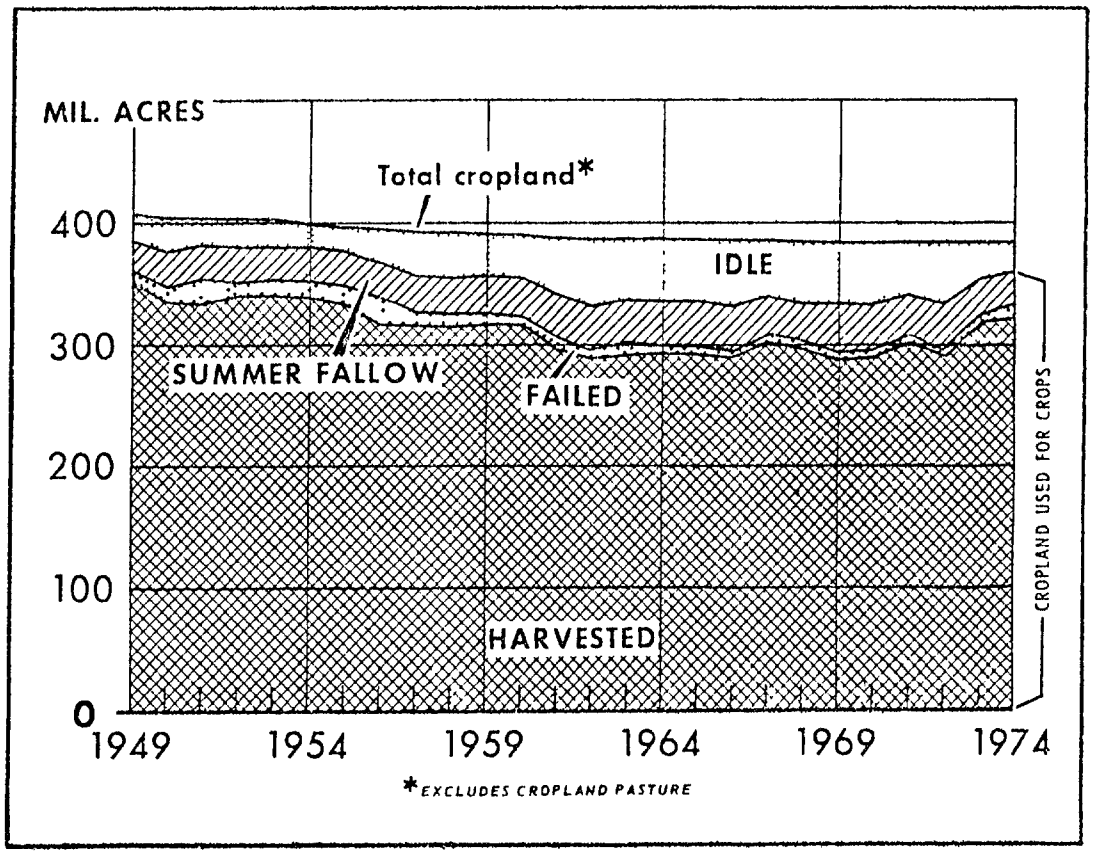


Figure 2. Major Uses of Cropland, United States, 1949-1974



Sources: U.S. Department of Agriculture (12) and (11).

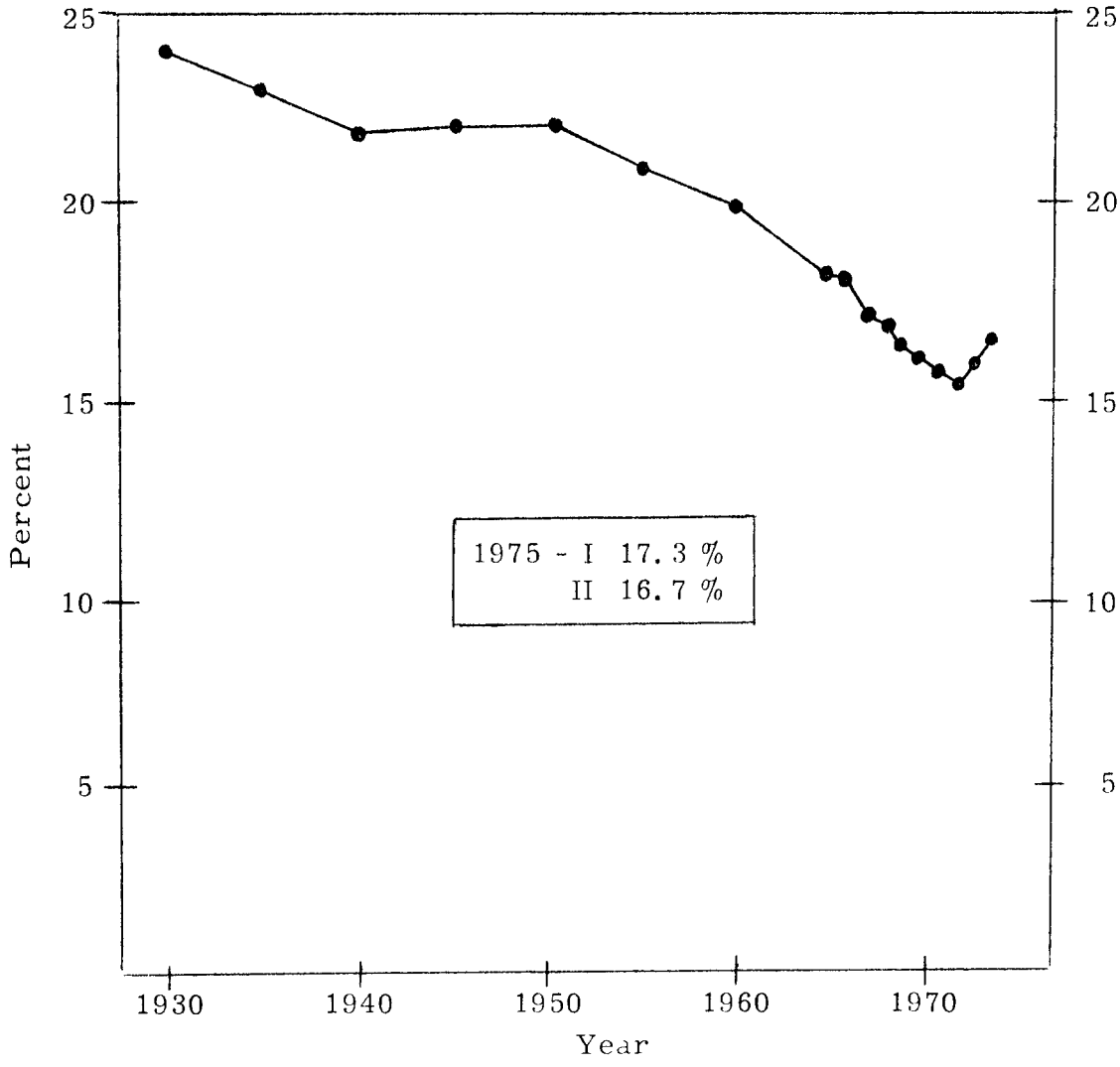
Thus, it appears that the nation's physical resources are adequate and we may look to other elements to rationalize the continuing preoccupation with national farm land policy. Two major concerns present themselves: the cost of domestic foodstuffs and the international balance of payments.

The Cost of Food

Cheap and cheaper food has long been a goal of the national government. With a massive infusion of Federal dollars, spent largely for research, teaching, and extension by the land grant college system, we have been successful in reducing the cost of food to a level that is the envy of much of the world. A downward trend in the percentage of disposable income spent for food, shown in figure 3, has persisted over most of the past 45 years. In 1974, the nation's consumers spent about 17 cents of every earned take-home dollar for a food diet far above world standards. But in 1972, we spent only $15\frac{1}{2}$ cents. This reversal in food costs is viewed alarmingly by some, particularly in the wake of a growing awareness of the plight of lower income families whose food costs per dollar earned may be double or triple the national average. This becomes a land use problem with the recognition that part of the rise in food costs can be traced to higher input costs, especially land, and structural imbalances in farm units found in mixed land use areas.

Another dimension is added by energy and environmental considerations. Cheap fertilizer, cheap sources of energy, and greater use of chemicals have been major factors in reduced food costs. Although

Figure 3. Percent of Disposable Income Spent for Food, 1930-75



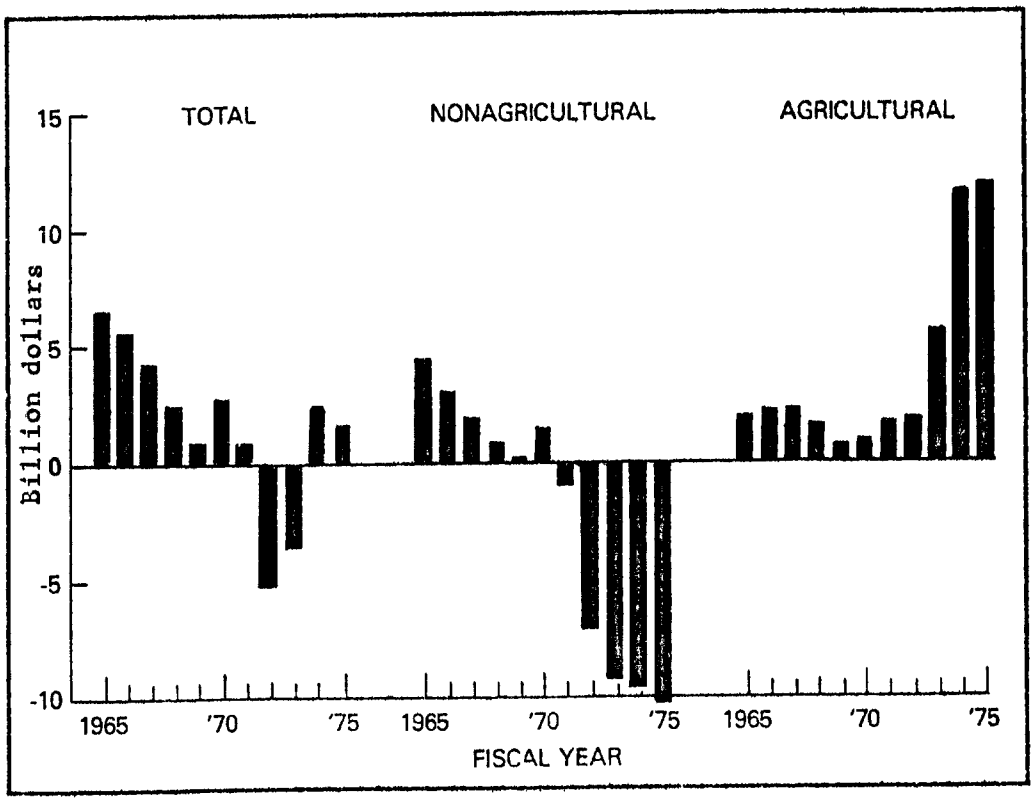
Source: U.S. Department of Agriculture (National Food Situation and U.S. Food Consumption)

physical shortages are unlikely given the high priority that must be placed on agriculture, higher input costs and environmentally inspired restrictions on farming may reduce quantities used in the production process. This will tend to increase land requirements and bring some areas back into production that were previously technologically displaced and are now used for less intensive purposes. Higher food costs would result. These forces can be combatted by further advances in technology and eliminating the need for regulation by physically separating from farming those who are disturbed by unappealing aesthetic effects that are a natural feature of the farm environment. We are well equipped to conduct research in the chemistry of farming; not as well equipped to protect farmers from complaints and legal actions of rural residents.

Export Opportunities

Production costs are also at the root of international dimensions of the problem. We have enjoyed the favorable effect of farm exports on our balance of payments over at least the last $1\frac{1}{2}$ decades. A reversal of our balance of trade situation during the last two years, shown in figure 4, has brought the significance of this element in international economic relations forcibly to our attention and caused some to foresee a much enlarged role of the United States in meeting world food needs. It has been specifically charged that U.S.D.A. projections can be faulted for ignoring this possibility (3). This may be the case, but the significance of recent somewhat fortuitous events should not be exaggerated. Large sales abroad, especially grain to the Soviet Union, were brought about by a

Figure 4. United States Trade Balance 1965-75



Source: U.S. Department of Agriculture, (Agricultural Outlook)

concurrence of factors that may not again happen simultaneously. One was a worldwide shortage of food resulting from crop failures in widely dispersed areas creating a physical demand which, particularly in the case of Russia, Western Europe, and Japan, was transformed into an economic demand, i.e., a need backed by an ability to pay. Another was the devaluation of the dollar, making American products available for purchase at a price in foreign currencies that was significantly lower than they would have been otherwise.[1/] Thus a shifting of both the supply and demand curves and a quantum jump in foreign sales unlikely to be repeated in the foreseeable future. In fact, figure 5 shows that U.S. farm exports in constant 1967 dollars have declined since their peak in fiscal 1974. Although farm export increases have had a dramatic and positive effect on our annual balance of trade in recent years, the future expansion of export opportunities cannot be taken as a foregone conclusion.

Another recurring question revolves around the ability of other nations to supply their foodstuffs domestically, given political stability and economic incentives to bring cultivable land into production and apply available technology.[2/] The pessimism that characterized the World Food

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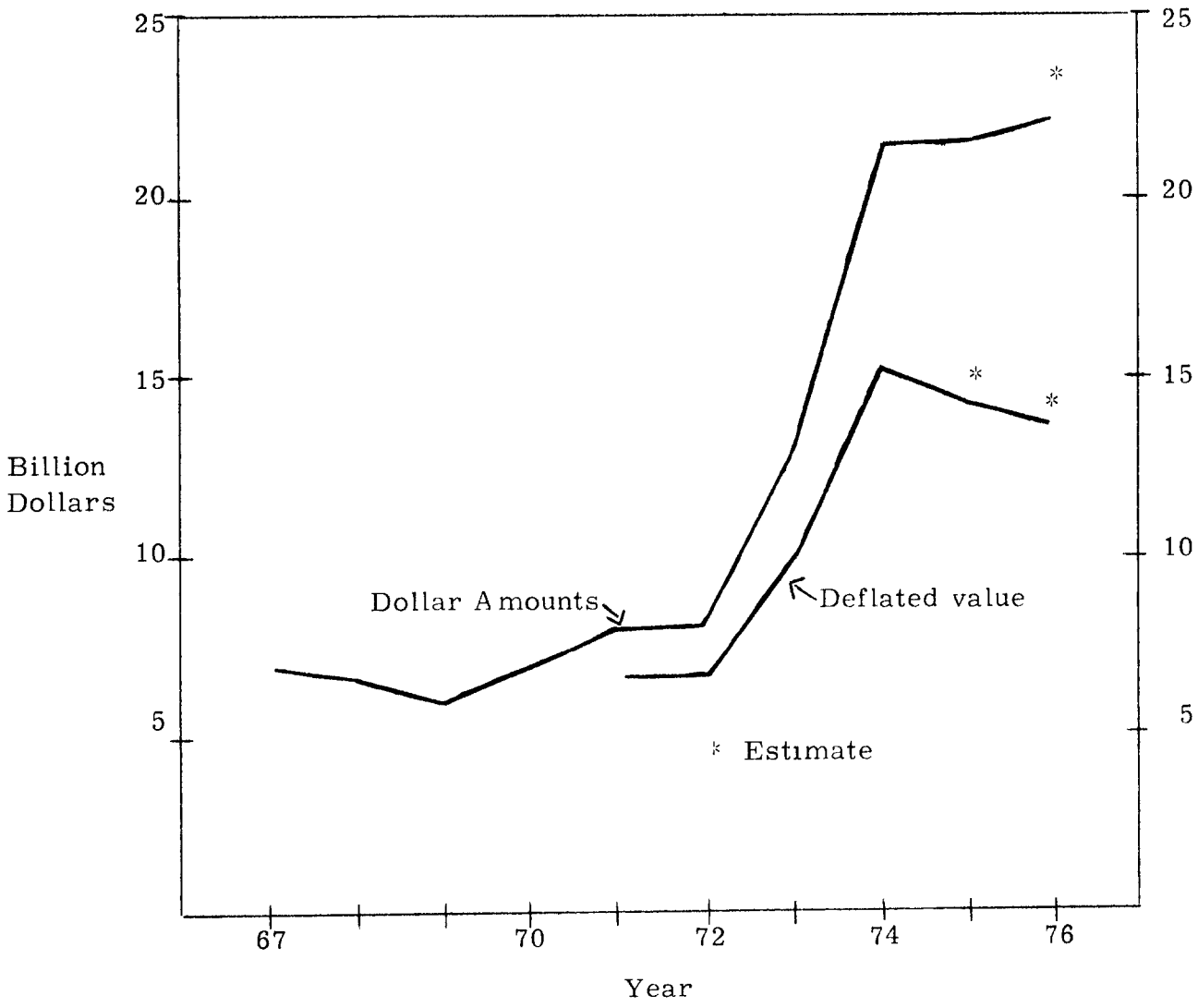
[1/] Although the average devaluation was about 15 percent, the dollar was devalued by 25-30 percent relative to the Japanese yen and some western European currencies (14).

[2/] It can be argued that increased production in lesser developed countries, coupled with population growth controls, is the only way a future calamity in food supplies can be averted, since, ultimately, maximum possible surplus production by the United States and other industrialized nations cannot offset domestic food shortages on a worldwide basis.

Figure 5. Agricultural Exports Fiscal Years 1967-1976



Source: U.S. Department of Agriculture and Consumer Price Index

Conference in Rome a year ago has been replaced in some quarters by the observation that the productive capacity of the rest of the world has sometimes been greatly underestimated. Studies by the U.S.D.A. and Iowa State University both indicate that only about half of the land suitable for cultivation is presently being used (2) (13). The lack of fully reliable data and the uncertainty of political events hinder an accurate appraisal of the situation however.

Reserve Capacity

Even if U.S.D.A. estimates of future domestic and foreign demand on our cropland resources are too conservative, it is difficult to conclude that our physical capability to produce will be strained. As shown in table 2, we were using as cropland in 1967 only 365 million acres out of 631 million acres that are considered suitable for continuous cultivation. Much of the remainder, 40 percent of the total, could be converted if necessary, although some would need improvement, sometimes including clearing and irrigation. It should also be noted that about one-fourth of the 180 million acres considered marginally suitable was actually used for crops in 1967.

The State and Sub-State Perspective

We may consider state, regional, and local concerns and opportunities together since they are closely related. Recognizing that Minnesotans share with other citizens an interest in national welfare, a more parochial focus centers on the share of total agricultural production that will be realized by Minnesota farmers. The size of this share will be determined

Table 2. Land Use by Capability Class, 1967

Capability class	Cropland	Noncropland				
		Total	Pasture-land	Forest	Other	Total
	(Million acres)					
I	36	11	5	4	2	47
II	187	100	42	47	11	287
III	142	155	70	75	10	297
I-III[1/]	365	266	117	126	23	631
IV[2/]	50	130	60	64	6	180
I-IV	415	396	177	190	29	811
V-VIII	23	604	305	272	27	627
Total	438	1000	482	462	56	1438

Source: U.S. Department of Agriculture, (Conservation Needs Inventory)

[1/] Considered suitable for continuous cropping

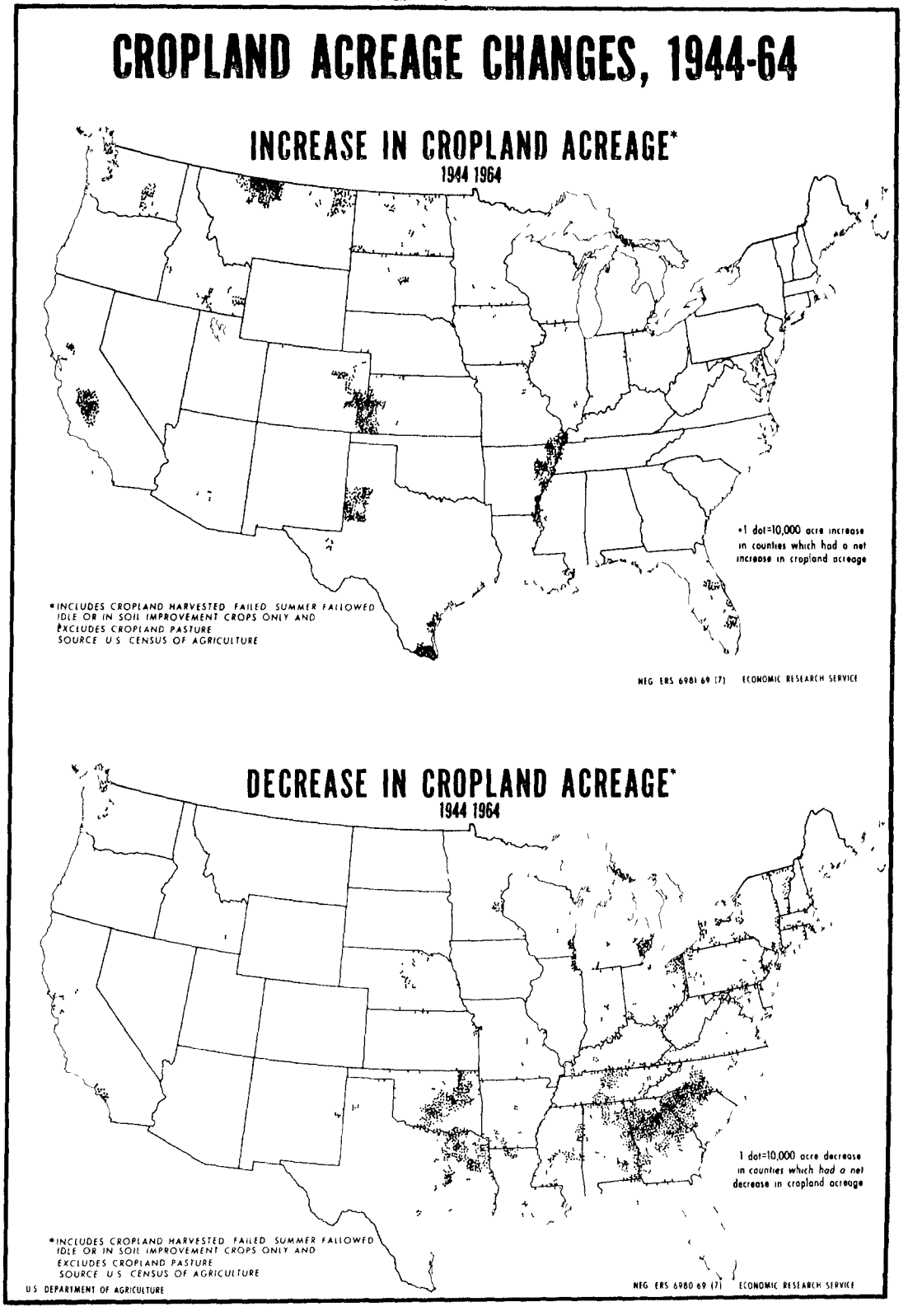
[2/] Marginally suitable for crops

largely by the tug and pull of economic forces acting through an interstate and interregional competitive process. The ultimate results of this process will be influenced by institutional arrangements that affect the relative efficiency of farming in one state or area vis-a-vis other places.

The people of Minnesota have a sizeable stake in the outcome of this competitive process in jobs and income related to agriculture. The proposition before us can be stated succinctly: if we can be more successful than other producing areas in eliminating unnecessary production costs that are the natural and inevitable consequence of urban and urban-related penetration, Minnesota farmers will have a competitive edge that will enhance our share of the total market for farm output. If we are less successful, some demand will be diverted to other areas. Stated another way, all other things equal, our ability to capture the national and world market for food and fibre depends on the force of our will to adopt new institutional arrangements that will prevent urban and urban-related penetration from distorting the mix of farm inputs, hampering economic efficiency, and inflating land values beyond the reach of commercial farmers.

A brief look at historical changes in the location of cropland illustrates the result of the competitive struggle. As can be seen from figure 6, Minnesota counties shared in both net increases and decreases in cropland acreage during the 1944-64 period, but the major shifts in production have been felt elsewhere. Many decreases have occurred away from metropolitan areas, but the effects of urban-based penetration near Detroit,

Figure 6

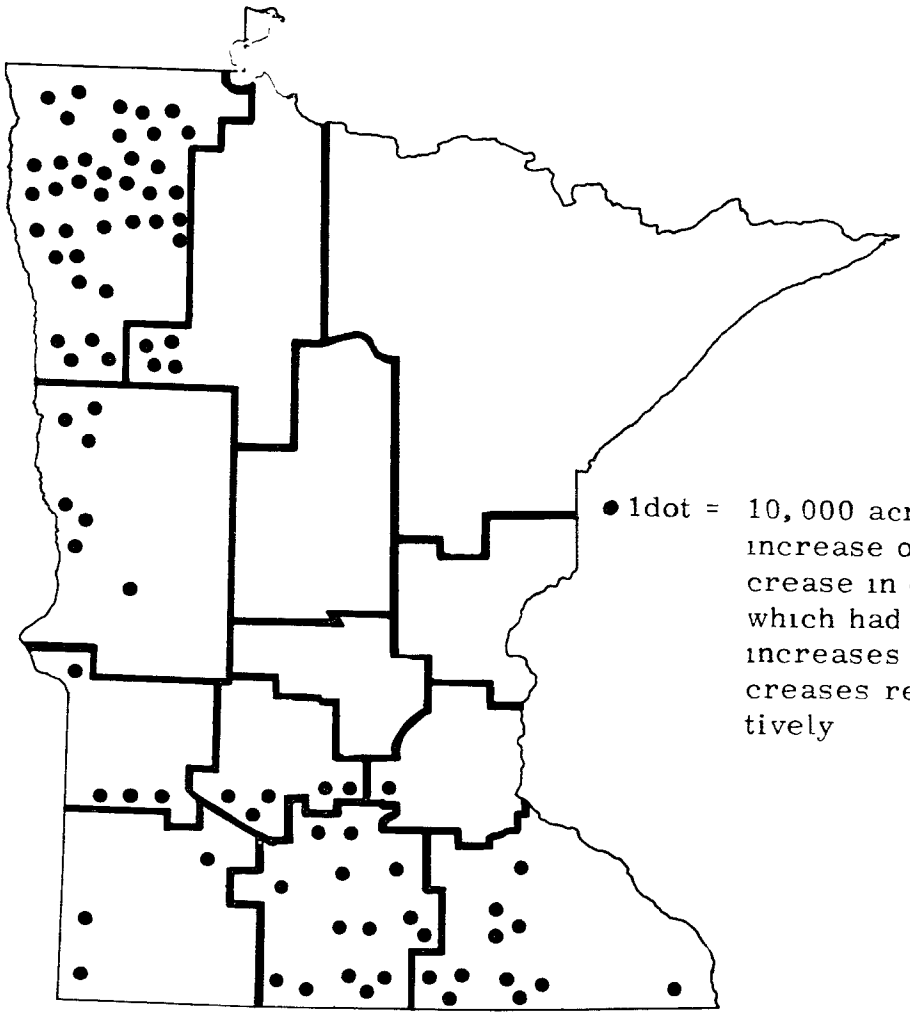

CROPLAND ACREAGE CHANGES, 1944-64
INCREASE IN CROPLAND ACREAGE*
1944 1964
•1 dot=10,000 acre increase in counties which had a net increase in cropland acreage
*INCLUDES CROPLAND HARVESTED FAILED SUMMER FALLOWED IDLE OR IN SOIL IMPROVEMENT CROPS ONLY AND EXCLUDES CROPLAND PASTURE
SOURCE U S CENSUS OF AGRICULTURE
NEG ERS 6981 69 (7) ECONOMIC RESEARCH SERVICE
DECREASE IN CROPLAND ACREAGE*
1944 1964
1 dot=10,000 acre decrease in counties which had a net decrease in cropland acreage
*INCLUDES CROPLAND HARVESTED FAILED SUMMER FALLOWED IDLE OR IN SOIL IMPROVEMENT CROPS ONLY AND EXCLUDES CROPLAND PASTURE
SOURCE U S CENSUS OF AGRICULTURE
U S DEPARTMENT OF AGRICULTURE
NEG ERS 6980 69 (7) ECONOMIC RESEARCH SERVICE

Chicago, Los Angeles, and San Francisco are clearly apparent. Changes in Minnesota, shown better in figure 7, which has been adjusted to include 1969 data, demonstrate that net cropland increases have occurred in most outstate areas, but that net decreases are concentrated in and around the Twin Cities metropolitan area. These, of course, are maps of the past; before us now is the question of what the maps of the future will portray. Given recent trends in population migratory patterns and the location of new employment opportunities, large portions of this state soon may be facing, less acutely, but on a more widespread basis, the situation that metropolitan counties encountered in the 50's and 60's. The lessons learned from the failure to contain urban growth and protect agriculture in and around our metropolitan area should have a special relevance as the effects of population redistribution are felt in outstate areas.

Obstacles to Farmland Preservation

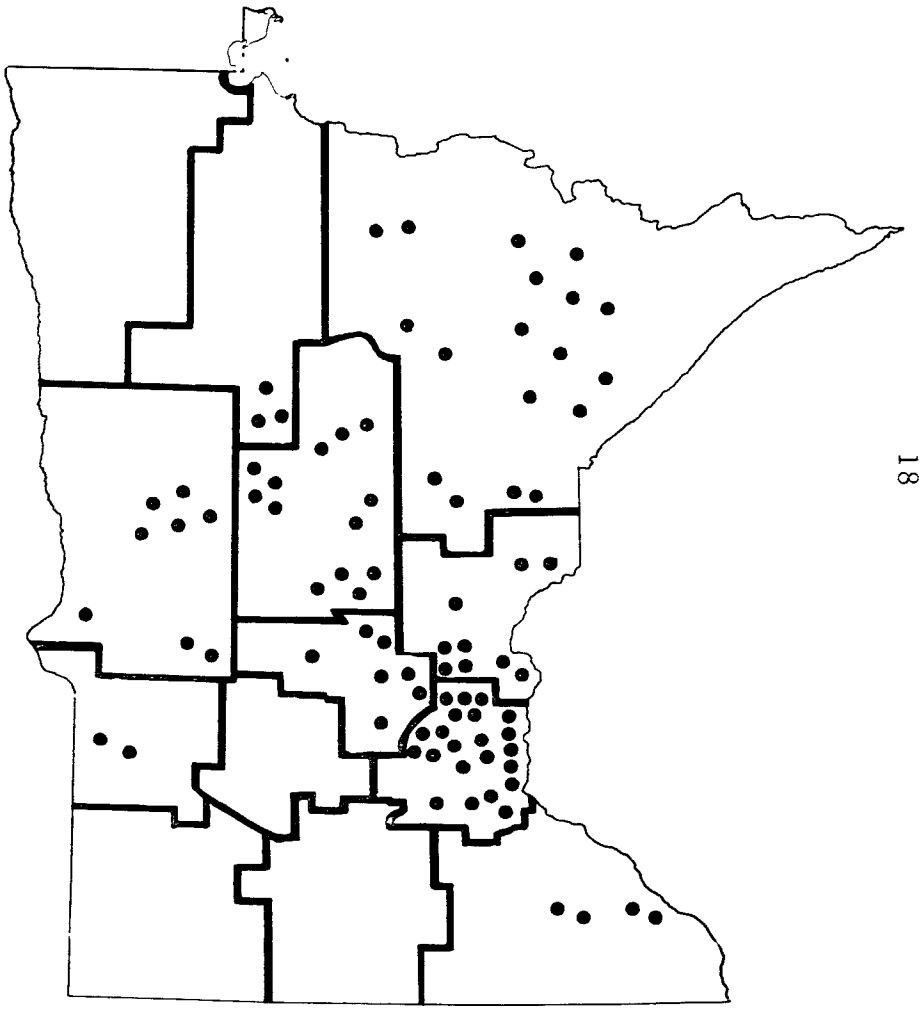
Any conscious decision to consider steps to strengthen and retain the competitive position of this state's economic base in agriculture must reckon with the fact that there are numerous obstacles to be overcome. A flanking attack may be necessary, even imperative, for success. At the federal level, for example, several institutional arrangements conceived in efforts to reach other national goals clearly militate against controlling urban-related sprawl. A good example is the preferential income tax treatment of capital gains from sales of land, clearly encouraging speculation, rising land prices, and an ultimate pernicious effect on agriculture in affected areas. The interstate highway system, financed

Figure 7. Cropland Acreage Changes in Minnesota, 1944-69



INCREASE IN TOTAL CROPLAND

● 1dot = 10,000 acre increase or decrease in counties which had net increases or decreases respectively



DECREASE IN TOTAL CROPLAND

Source: U.S. Department of Agriculture (12)

largely by the Highway Trust Fund, eventually takes its toll in reduced farm production efficiency by inducing land use changes inimical to agriculture. Other federal programs and tax laws could be cited. Despite the ruminations of concern emanating from Washington there is little evidence of genuine efforts to amend Federal policies opposing orderly land development and urban growth.

Looking to the state, we find a similar income tax treatment of capital gains, reinforcing the unfortunate impact of federal taxes, and a classified property tax that favors space-consuming detached dwellings and, until recently, gave a further advantage to such dwellings located in rural areas. We also find a greenacres law that was conceived as a device to protect farmers, but encourages land speculation by extending property tax benefits to landowners who are only nominal farmers, and, because it is unrelated to land use planning, may be having the perverse effect of promoting "hop and skip" development. Proposals that would exacerbate the problem by extending similar benefits to all open space lands are in the legislative hopper and are supported by well-intended but uninformed influential lobbying groups. Minnesota is among the nation's leaders in the arena of environmental protection, but one of the followers in agricultural land policy. Perhaps most unfortunate is the fact that a strong effort has not been put forward to determine what we should do. We have an Environmental Quality Council, a Pollution Control Agency, and a Minnesota Resources Commission, all of which are doing constructive work in the environmental area. But we have not yet established

a special commission to study the agricultural land policy question. This must be considered ironic in a state where agriculture is of such paramount economic importance.

Finally, at the local level, we must not avoid recognizing the obstacles of the market place. It is clear that many people do prefer to live in the country. Realism requires the conclusion that the generated demand needs to be met by making some rural land available for nonfarm use at reasonable prices. It is also at the local level that market forces are readily transformed into political forces and a land ethic that assumes that unearned increments in land value belong to the landowner regardless of consequences to the community may be a strong deterrent to local actions that interfere with the realization of financial gain.

What Course to Follow? - Some Observations

Given these rather formidable sounding obstacles, the question of what should be done is not easily answered and no attempt to give a definitive answer will be made here. We can, however, make certain observations that may be helpful.

First, I think we have to recognize that local government actions in Minnesota for all practical purposes are limited at the present time to the employment of police powers, particularly zoning and subdivision controls, traditionally associated with land use planning. Various zoning techniques are now in use for the specific purpose of protecting farm land including a few rather innovative measures that avoid some undesirable

side effects of earlier attempts.[1/] These may be worthy of trial and should not be overlooked. At the same time we should be constantly aware of a second observation. The police power as a land management tool is severely handicapped by the fact that it does not monetarily compensate a landowner who is forced, theoretically, to sacrifice opportunities for capital gains in the interest of community welfare. In other words, the police power suffers because it is a nonpay-off technique. The magnitude of this obstacle should not be underestimated because of temporary or isolated examples of success. The police power has an abysmal record in past attempts to contain urban and urban-related sprawl. It may indeed function satisfactorily in areas with little real potential for development. It almost inevitably surrenders to market forces as development pressure builds. Strong local agricultural zoning measures may rest on solid legal footing, be thoroughly defensible on moral and ethical grounds, and have great theoretical potential. But they frequently fail the only test that matters, the test of practical workability under pressure. And they generate tensions within the community, destroy social and political harmony, and establish a situation where there are strong inducements to graft and corruption in government. Such results, though difficult to discern while development potential is limited, become more apparent when the opportunities to enjoy sizeable capital gains come in conflict with local

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[1/] Specifically, "development right" or density agricultural zoning, originating in Carver County, is a major advance over large lot size requirements previously favored by many planners. The typical ratio of one residence per 40 acres seems too high, however.

ordinances. Land use zoning as a frontal attack on development trends that threaten agriculture can be used advantageously, but will ultimately be of little value unless it is augmented and reinforced by a flanking attack with other institutional arrangements. We would be deluding ourselves to expect otherwise.[1/]

A third observation is that maintenance of efficient, competitive, commercial agriculture requires the setting aside of relatively large blocks of land for that purpose where only other compatible uses are allowed. Neither a scattering of farms amidst nonfarm development and idle open space nor large contiguous areas of farming with low density residential development are conducive to a continuation of a successful farm economy. This means that there must be a conscious, positive, rational, planning process, in which all interests are represented, to identify those areas in which the dominancy of farming will be established. Soils information is essential to this process, but not enough. The size and management of farm units, the present mix of capital inputs, particularly with respect to nonland investments, the adequacy of product markets, and energy considerations must also be utilized in identifying economically viable farm areas.

Fourth, the planning process must take into account the effect of

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[1/] It may be argued that state level zoning, now practiced in Hawaii, would be more effective. This possibility should not be overlooked, but other factors, such as the difficulties involved in developing plans adapted to local conditions, high administrative and enforcement costs, and generating necessary public support, make this a questionable alternative.

farm land preservation efforts on the cost and availability of land for nonfarm purposes. If too little land is made accessible for development, excessive prices for rural homesites, recreation properties, and other legitimate open country land uses will result. This artificially narrows the range of options in life styles available to the nonfarm segment of the community and places unnecessary pressures on farm land protection measures.

The fifth and final observation is that there are a virtual multitude of institutional tools that can be brought into a flanking attack, but they almost universally require positive action at the state level of government. It is unfortunate that this is so, since rural and agricultural interests are no longer dominant in the Capitol. Widespread recognition that agriculture's economic benefits are statewide coupled with manifestation of legislative concern in bills now before both the Senate and the House of Representatives allow moments of guarded optimism, however.

Without pretending to be exhaustive let me mention some of the tools that are available:

(1) Replacement of the greenacres law with preferential tax treatment confined to commercial farmers in recognized agricultural districts

- to enable bona fide farmers in areas planned for agriculture to escape the pressures of excessive property taxes while preventing nonfarmers from obtaining tax relief that encourages speculation

(2) Enabling legislation, financial assistance, and bonding authority for local units wishing to purchase development rights to farm land

- facilitating the acquisition of development rights where land market pressures are likely to overcome other farm land protection devices

(3) Temporary exemption from property taxes of new real estate capital investments by farmers in governmentally established districts

- providing an incentive for farmers to cooperate in the establishment and maintenance of special agricultural districts and to make long term commitments that will strengthen the economic viability of farming

(4) Modification of the state income tax so as to tax capital gains in land speculation as ordinary income

- reducing the attractiveness of land speculation that causes higher land prices and an expansion of the area impacted by urban and urban related penetration

(5) Institution of a transfer tax and other penalties to be levied against farm land in certain areas when sold for conversion to more intensive land uses

- providing a disincentive to land conversion where it is not in the community interest

(6) Protection against excessive regulation of farm activities and careless exercise of eminent domain powers in sanctioned agricultural districts

- giving farmers security needed to make long term investments necessary to reduce production costs and reducing the attractiveness of a location in special agricultural districts for rural residents

(7) Planning grants to assist local and regional agencies in delineating economically viable agricultural areas

- encouraging local and regional units to conduct adequate studies for identifying economically viable farm areas and not rely solely on soils information

(8) Preferential credit and technical assistance policies for commercial farm units in areas designated for agriculture and for nonfarm development in areas designated for development

- using federal and state agency programs to support local plans - essentially a modification of the A-95 review process already in operation

(9) Modification of the property tax laws to tax land in areas planned for urban development at a relatively higher level than nonland real estate

- encouraging nonfarm development in locations favorable to the community interest

(10) Specific statutory authority for local units to provide designated public services to selected areas on a priority basis

- reinforcing inducements for development in accordance with community land use goals

(11) Legislation authorizing the establishment of a system for transferring development rights from landowners in special agricultural districts to landowners in areas designated for development

- providing another means for compensating farmers for foregoing development or sales for development purposes

(12) Legislation authorizing special tax reductions and other benefits to commercial farmers in sanctioned agricultural districts who make legally binding commitments not to develop their property for nonfarm purposes

- assuring the public that nonfarm development will not occur during the period of commitment

Most of these suggested possibilities have four things in common. First, they recognize the importance of a planning process - a need to identify geographic areas suitable for nonfarm development and other areas where commercial farming is economically viable and should be placed in a position of supremacy. The creation of some type of special agricultural district is probably basic to a rational approach to farm land policy. These districts must not have the inherent instability of zoning

use districts subject to legislative "boundary adjustments" or rezoning that often defeats the purpose of land use controls. Although the need for long run flexibility is evident, the integrity of protected areas will need to be preserved for at least as long as the planning horizon of farmers contemplating major capital investments. Otherwise, the effect on farm production efficiency may be minimal. Once the essential process of delineating a district has been accomplished, a host of institutional devices can be brought to bear to support it.

Second, many of these approaches involve a "pay-off" in some form to landowners as a quid pro quo for giving up financial opportunities for the sake of the common interest, i.e., they recognize the realities of the market place and the practicalities of government.

Third, although state-level legislation is essential to implement a program incorporating the suggested changes, major decisions as to the identification of the territory in which they will be applied can be made at the local and regional level. Centralization of the power to plan and to implement plans is not vital for success and may in fact be detrimental. The district creating process must provide for representation of state and regional interests, however.

Finally, these institutional devices are not untried; virtually all of them are already being used in some form in other states. The best known examples are the Williamson Act in California, New York's agricultural district program, and Wisconsin's success with the purchase of scenic easements. We have an opportunity to learn from their successes and

failures, and a useful starting point for developing a package approach that is appropriate for conditions in Minnesota.

Summary and Conclusion

In conclusion, although there are reasons for concern about agricultural land policy at the Federal level, the strength of these concerns is diluted by empirical facts confining the dimensions of the problem to economic considerations that are something less than compelling. The primary basis for apprehension at the state and local level is not the physical displacement of cropland per se but the impact of urban and urban related penetration on farm production efficiency with consequences relating to the competitive position of our agricultural enterprise in national and world markets. Institutional and market-based obstacles to protecting commercial farm areas are apparent at all levels of government, and local government, armed primarily with the police power, is presently ill-equipped to deal with the problem. A flanking attack involving modification of property taxes and other institutions affecting the location of land uses shows promise but requires positive action by the state legislature. A basic ingredient of this approach, using devices already employed in other states, is the creation of governmentally sanctioned districts delineated through a rational land use planning process.

It would be nonsense to suggest that the survival of Minnesota agriculture, even in areas where urban and urban related development pressures are foreseeable, is in question. What is in question, though, is whether we are going to maximize the total contribution of farming to our

state's economy. Those in a leadership position in rural Minnesota have an essential role, not only in the planning process itself, but also in helping local people and others to gain an understanding of the true nature of mixed land use problems, the present limitations to effective resolution of land use conflicts, and the need to join forces and press for new laws and programs that will be beneficial to public and private interests throughout the state.

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