THE IMPACT OF FOOD POLICY ON RURAL COMMUNITIES

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Our purpose is to react to the presentation entitled "The Political Process and Food Legislation: Implications for the 1985 Bill". Specifically, we are to look at it in terms of the impact of food policy on rural communities.

My comments are based upon the following assumptions:

1. We will have a food policy
2. It will involve research and extension
3. It will involve domestic and export decisions
4. It will involve pricing and quality decisions
5. It will involve nutrition and safety
6. International trade will occur but most likely in an unstable climate

The issues will have to do with (1) production, i.e., where, by whom and what kind, (2) cost to consumer versus profit to producers, (3) processing, i.e., where, when, how much and what kind, (4) market distribution systems, and (5) reliability of supply of both domestic and international.

Let me outline some alternative food policies which may exist.

Alternative 1. Continue emphasis upon production for large and important export market and thus call for the accompanying increase in total production.

Alternative 2. A decision to reduce substantially the amount of production for export markets, thus bringing about a sharp cutback in agricultural production in many rural communities.

Alternative 3. A decision to further emphasize large scale agriculture as the most efficient manner of producing agricultural products, both for domestic and for export markets. This would place emphasis on increasing

size with less attention to the small and part-time farmers.

Alternative 4. A decision to concentrate upon many smaller farm operations as the appropriate structure for production of agricultural products. This would call for as many smaller units and may satisfy many of the current pressures or pressure of the previous administration to expand the number of farm operators and facilitate reentry of many individuals into agricultural production.

Alternative 5. Some of the concerns for food and agricultural self-sufficiency expressed by selective regions of the country may be brought into play. This may bring about policy alternatives quite contrary to the theory of comparative advantage.

Alternative 6. One could even visualize food and agricultural policies which could be aimed at producing only enough product to supply the domestic markets and ignore international markets completely. This does not seem realistic. However, it is an alternative which we may wish to examine.

Each of these alternative policies would bring about a different impact upon the rural communities of our country.

Continuation of our expanded farm size in the interest of engineering efficiency may have an adverse effect upon many rural communities. It could further reduce the rural population to a point at which the needed infra-structure could no longer remain economically operational. Machinery parts and repairs would not be available in the nearby community. Agricultural production supply sources and market outlets would be located only in major metropolitan centers. Medical facilities and doctors would no longer remain in the communities. School systems would or could not be justified, and even grocery stores, banks, and other enterprizes could not profitably remain. This is a scenario which would cause the phasing out of many rural communities.

Before we go any further, let's note a few items.

Farm Income: a recent USDA analysis shows that as farm income continues to decline the biggest crunch is felt by 1.74 million smaller farms, each of which produces less than $40,000 worth of crops and livestock a year. The report also shows that about 25,000 of the biggest farms in the nation — those which sell $500,000 or more of commodities annually — accounted for ⅔ of all net farm income in 1981.

Myth of the Family Farm: the October issue of Harpers magazine, carries a story on family farming titled, "The Farmer on

the Dole". According to the author, we are spending billions to save a way of life that isn't in danger and which wouldn't be worth saving if it were in danger. This is one author's opinion about the family farm concept. However, if the family farm disappears, can the disappearance of rural communities be far behind?

Food give-aways: since last winter's cheese giveaway, USDA has been experimenting with giving some of its surplus food to food banks or local charities which provide food to needy people during emergencies. USDA is testing this program in several US cities and is planning to evaluate the program and submit the recommendations to Congress in 1984.

FEMA: the Federal Emergency Mobilization Agency is developing plans to evacuate major cities to selected rural communities in the case of natural or man-made disasters. While this is not specifically a food and agricultural policy, it will definitely have some effect upon such policies if and when such activity is initiated. My question then is, "What are the implications of this upon rural communities and what does such planning imply about an appropriate agriculture and food policy?"

Also useful for our thinking, I believe, would be some of the concerns which are expressed within USDA at this time. Among them are the following:

1. Strengthen all risk crop insurance to protect farmers against losses.
2. Provide leadership in helping farmers market their products.
3. Target conservation activities to high priority problems and objectives.
4. Develop new agricultural and forest crops and products.
5. Promote food and fiber consumption to strengthen demand.
6. Help farmers meet their credit needs.
7. Strengthen federal efforts to ease trade restrictions.

Let's look at the consequences of certain alternatives. For example, reallocation of irrigation water — a policy to reduce total agricultural production could well take the form of phasing out large sections of irrigated farming, either by allocating the water in government subsidized water impoundments to other uses or by making the water too costly to use for agricultural purposes. This could be accomplished by legislation, by administrative decision, or through the market structure where many people suspect or believe that urban and industrial users of water could and would outbid agricultural users for the water resource.

Such action could and probably would severely effect several rural communities, as agricultural production in these areas changes from intensive crop production, associated with irrigated agriculture, back to extensive dry land farming and ranching. Such changes would effect dramatically the demand for farm supply, service, and marketing facilities. It would probably dry up many rural communities.

Another possibility — a farm land set aside program — reduced agricultural production could be accomplished by land set aside programs which in the interest of efficient economic production units would take entire farm units out of production. Incentives to remove these units from production should be based upon productive capacity.

During the soil bank program of the late '50s, certain rural communities brought political pressure to bear upon decisions related to administration of the soil bank program. This resulted in administrative decisions that not more than 25 percent of the farm units in any selected county could be placed in the soil bank program, because of the effect the removal of these farms would have upon the economic health of rural communities.

One might easily argue that most efficiencies — social, engineering, and economic — could be achieved if entire counties or groups of counties were phased out of production, thus removing the need for road maintenance, water supplies, and other services. This, of course, could also phase out the need for rural communities in these areas.

Consider the suggestion that we remove easily eroded lands from intensive use. A policy decision to remove from production or severely reduce the intensity of production on land subject to heavy soil erosion losses, could have similar effects upon rural communities as described in the farm land set aside program, which would remove large blocks of land from intensive production.

Earlier this week, we've discussed quite seriously the principle of comparative advantage and the need to apply the doctrine of an open market to our decision making. Policies calling for open world markets could remove the need for production of certain crops in the U.S., because we could import these crops rather than produce them. Sugar comes to mind immediately, but I'm sure there may be many others which would be involved if we would develop a policy of a completely open world market.

The impact of these activities, importing rather than producing, upon the structure, wealth and stability of rural communities could be quite considerable. If such a doctrine were to be employed, what would be the best way to phase out facilities not designed and used for the production of crops which we would no longer produce.