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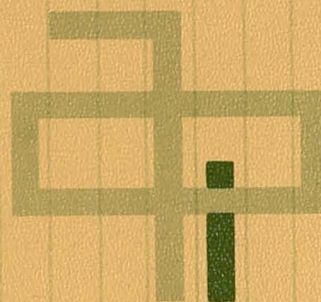
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Policies Affecting Rural People

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EMERGING PUBLIC POLICY ORIENTATION AND NEW PROGRAMS IN RURAL LIFE: A DISCUSSION

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Dr. Bonnen is to be congratulated for his excellent presentation on "Emerging Public Policy Orientation and New Programs in Rural Life." Although there is disagreement as to the direction we are going, one fact remains: the 88th and 89th Congresses passed more legislation of significance to farm people than any session in many years. During the next few years we will be interpreting, implementing, coordinating and finally revising the action of these two sessions. The intent of the legislation is generally acceptable. The real issue is whether we can administer the new and revised programs so as to achieve its intent.

The roles played by discussants vary, and there is, perhaps, no universal "correct" role. However, it is important for all to understand the goal the discussant sets for himself. Since I agree completely with Dr. Bonnen I shall amplify and call attention to the emerging issues and problems which I believe are the most important and critical.

(1) The "functional" vs. the "industry" approach.

The shift from an "agricultural industry" to a functionally oriented, problem solving approach is, I believe, the most significant new orientation for farm people. For example, we now have legislation designed to attack poverty. Much of our poverty is in agriculture. Poverty is supposed to be attacked as "poverty"--wherever it is located. However, leadership for the attack is not centered in the industry-oriented agricultural agencies. Many of us accustomed to the traditional USDA-Land Grant College-Extension Service approach are very concerned. We fear much of the talent in existing agricultural agencies may go unused.

Although I am concerned about whether existing talent will be used, the fact our modern society is so secular leads me to believe the functional approach may be more realistic than what we have been using. I am willing to see us try the new approach. The new functionally oriented agencies are in the driver's seat. The older agencies are called upon to participate; if they can, and if they choose! I hope all of us in all agencies will choose to participate if we really have talent to offer, and I hope we

will use discretion, tact and good judgment. Farm people have enough troubles without adding a jurisdictional dispute among agencies serving them.

(2) The human factor--rediscovered.

The new orientation demonstrates a reawakened concern for the human factor in agriculture. This is very interesting because in its early history, the USDA was primarily an anti-poverty agency. It had direct and immediate concern for the people in agriculture. In time, however, it seemed to become more interested in hogs, corn, chickens, wheat and land conservation, with less direct regard for farm people. It did indeed become the agency of commercial agriculture as Dr. Bonnen observed in his article in the Proceedings issue of the Journal of Farm Economics, 1965. It almost seems the USDA and the Land Grant Colleges forgot the fundamental principle that agriculture exists for the purpose of supplying people with food at reasonable cost, and providing reasonable incomes for those who participate in the industry as human resources. I am pleased to see us again focusing attention on the people in rural America.

(3) The "key" problem--low return for labor in agriculture.

As we use functional approaches to the many problems of agriculture, we will become more aware of the low return to labor. Emphasis on the poverty program and research generated by it already have led us to recognize much of the poverty problem in America is centered around the agricultural labor force. In few, if any, areas in the United States can an able bodied man supply only labor to an agricultural endeavor and expect to receive an annual income above the poverty level. Even the labor supplied by the farm operator and his family tends to yield a low return when returns are allowed for capital. Although knowledge that labor is the factor receiving low returns is not new, we have never really faced the problem in a frontal attack. Part of the problem is much labor used in agriculture is not very productive and cannot logically be rewarded with reasonable income. Other labor used in agriculture is productive and might demand and get a reasonable income, but is often unable to do so because of oversupply, lack of bargaining power, lack of knowledge and long-standing biases. Farm operators always complain about the labor shortage and their complaint is legitimate; however, the "labor shortage" is relative to the rates they can and/or will pay.

(4) The "unearned" increment.

Closely related to the problem of low returns to labor is the fact that policy benefits have tended to be capitalized into higher land values.

We have traditionally supported farm income via price supports. The increased income is soon capitalized into higher land values for that land which can be used to produce supported commodities. Thus, the differential value of land based on the supported commodity widens over other non-supported uses. This differential value is an unearned increment accruing to the current landowner. Although the increased price of land may contribute to the ultimate retirement of current farm owners, much of the problem of adjusting the use of agricultural land is one of dealing with this unearned increment. For example, research at Montana State University shows certain qualities of Montana land currently used for wheat could be shifted to grass if a way could be found to remove the differential land value between wheat and grass usage. If certain quality land is used for wheat, it is worth from \$35 to \$50 per acre more than were it used for grass. The problem is, how can we get rid of this \$35 to \$50 differential? The current owner neither can, will, nor should necessarily take this capital loss.

Government could remove the differential, and at the same time move in the direction of a more permanent solution to some problems. Government could buy the right to grow wheat or other surplus crops and, in effect, zone that land out of surplus crop production on a permanent basis. We would put into government hands the decision as to when that land resource is released back into the production of surplus crops. I believe the long-run costs could be lower and adjustment more effective than devices tried to date.

How does this relate to new orientation? In two ways: (1) We need longer range policy. The 1965 Farm Act looks ahead four years. Perhaps the next step can be an even longer range program. (2) The legislative acts of 1965 generally tried to "zero in" on specific problems. Yet, it does not attack the problem of price policy being reflected into a widened gap between the first economic use and the second economic use of land. Until we squarely face this issue, policy must remain paradoxical.

(5) The decay of the rural community threatens effectiveness of new programs.

There should be greatly increased emphasis on the rural community, but I do not see it coming. Much of the concern about agriculture is not coming from farm people. Farm people have become amazingly calloused to change. They accept rapid change as a normal part of life. Much of the concern about agriculture is coming from main street of the small country town. Many small town businessmen are operating much as they have for generations, and as they look ahead and see an even more commercialized agriculture involving ever declining numbers of farm people, they see the "handwriting" on the wall for their businesses.

They are panicking. Too often they reach a false set of conclusions. They reason as follows: "When we had many farmers, and raised lots of wheat (cotton or corn), conditions in this town were good. Therefore, if we could raise all the wheat (corn or cotton) we wanted to raise, we would keep more farmers in our area, and business conditions would be good again!" Unfortunately, their logic is faulty. The solutions proposed would not help them. Yet, it is they who are in positions of leadership in many of our rural areas. The gap in thinking between "town and country" in rural America is wide and the results frustrating.

Decay of the rural community leads directly to another issue, "Can current efforts to revitalize local control succeed?" I agree with the emphasis on state and local control which the present administration has been fostering; unfortunately, I question whether it can be very effective in rural America. We may be pursuing a false hope.

EDA, MDTA and many other new programs by law are dependent upon local leadership and control. We have already seen efforts to relieve poverty in rural areas have lagged far behind those in urban areas. A major reason is that rural areas lack both the needed leadership and institutions. How many rural communities can readily organize themselves into an effective community action program? The rural sector of the economy which needs help the worst, is getting, and will likely continue to get, the least help.

Rural people tend to support "local control" as a concept more vigorously than urban people. Yet, I fear "local control" means continuation of frustrated, ultimate failures to solve very many of rural America's problems. I hope rural people will soon recognize the need for new institutions and become more creative about fitting their communities into the national pattern.

(6) Rurality--dying!

Urbanity as a concept has generally been accepted. The current mass of books, magazine articles and political oratory devoted to "the city" serves as a firm reminder to us the great majority of Americans are city dwellers. So much attention has been given to the role of the city in a modern world some of us are becoming concerned about the emergence of "urban fundamentalism." This ideology would be as bad as was farm fundamentalism in its day. I hope we can put both rural and urban ideologies into proper perspective.

Is it too much to hope for the emergence of a "cosmopolitan" American attitude and set of values? I can visualize an America, modern and changing, in which farm people are full and equal partners with the remainder of the population. If we don't achieve such an America,

it will be because our lack of leadership forces rural Americans to be relegated to a back seat.

Our farm people have almost quit fighting the losing battle of trying to return to an assumed "yesterday" when the self-sufficient farmer was the "backbone" of our country. That economy, which some of our agricultural leaders talk about, probably never did exist. The good is remembered; the bad forgotten. I find today's farmers do not want to return to the "good old days." We have reached an era when farm people are very similar to the remainder of the population in their values, goals, hopes, ambitions and attitudes. It seems to me we have the basic requirements for a relatively unified, forward looking, progressive society if our leadership will but do its job. Good leadership is the critical factor. Unfortunately, I don't see it in the immediate picture. I think I see leadership emerging, but it must rise to the top under its own power before its voice will be heard.

(7) Local governments in rural areas need help!

We must devote much more attention to the problems of local government. Many of our rural counties are in sad shape. Some are so small and the tax base so inadequate they cannot build modern roads efficiently. Rural schools are too often inadequate, and rural health care is often pathetic.

The power structure of rural communities is a common stumbling-block to progress and change. Local government often functions to reinforce the status quo, further depower those with little power, and enhance the power and economic position of the "in group." Local governmental units are too often the device used by the local "establishment" to keep new industry out, external capital sources under control (or out), labor cheap and plentiful, and farm people "in their place." Local government is often despotic, involves substantial nepotism, and inefficient. If we are going to utilize local control in the new programs and want them to be effective, we must encourage development of local and state level leadership. We must revitalize and streamline local government.

(8) A "new" agricultural profession.

A new concept of the "professional agriculturalist" is emerging as a result of recent legislation and advancing technology. There was a day when the county agricultural agent, the grass roots arm of the Department of Agriculture and the Land Grant College, was the agricultural technician to the local community. Today, technicians must be highly specialized. The county agent finds it ever more difficult to be the technician. As we emphasize the functional approach to problem solving--not dealing with farm people as an entity but rather

as a part of the total population--the role of the professional in agriculture must change. The local agricultural agent must emerge as a coordinator of activities, and coordination is badly needed. If we will accept the new role for the agricultural agent and train people for it, I think much good can emerge. One of the benefits is that farm people can become full-time partners with the remainder of the nation, rather than a group set apart.

(9) What role for farm organizations?

I almost hope I am wrong, but I believe general farm organizations are slowly losing both their power and ability to represent farm people. Many highly specialized, commercial farmers feel they are not well represented by a general organization, and the organizations are sometimes thought to be competitive with, or are quasi-political parties, searching for economic tie-ins by which they hope to maintain their membership and strength. Since farmers' best interests are so varied and complex, the general organization is forced into generalities. Generalities lack appeal, so slogans, wordism, and finally emotionalism tend to emerge. The general organizations have not asked themselves pointedly enough what is their role in a cosmopolitan, functionally-oriented, secular society, of which commercial agriculture, rural residents and small low income self-sufficient farmers are all a part. I don't know the answer, and I do not envy the leaders of these organizations--their task is great and the risks large.

The general organizations have traditionally sponsored and supported cooperatives. I have observed a serious searching among cooperative leaders for the appropriate role of farmer-owned businesses in a modern, integrated, high investment, managerially dominated commercial economy. I commend their effort.

(10) We are being more realistic in facing issues.

I am pleased the current political, social and economic environment seems to be forcing farm people, Congress and farm leaders to be honest and realistic with themselves. I see the signs in several places. First, the President's saying perhaps we have more farmers than we can economically justify was a very good sign. While it was a shock to many farm people, nevertheless, it was time for someone in a high place to say it.

Second, new data which does not verify old beliefs is being widely disseminated and discussed. For example, in looking at rural life we can no longer say with pride and confidence that "rural life midst fresh air and sunshine, etc., is the healthiest in the world." We know farming involves a very high accident risk, farm people have a high incidence

of dread diseases, and rural people, in general, do not experience excellent health. We know the educational achievement of farm youth is not equal to their urban cousins. We know much of our nation's poverty is in agriculture, and the differential level of living between rural and urban people has been increasing. Finally, we have learned recently crime in the rural areas is more common than many of us care to admit. Farm people are reading about these things, and pondering their meaning.

Third, our effort to be honest with ourselves and realistic has led to the separation of our policy approach into: (1) that devoted primarily to commercial agriculture, (2) that directed to the low income segments of agriculture, and (3) some attention being paid to the nonfarm rural resident.

(11) Optimism based on world's need for food--a danger!

I am very concerned about what seems to be the well organized "feed the hungry world" movement. This represents a substantial change in policy orientation. Some who are advocating this philosophy claim it would shift us from a supply reducing policy to one of maximum production. Those of us who are interested in agricultural policy must evaluate this issue objectively and quickly. Indeed, the food crisis is getting worse, but world hunger does not necessarily mean markets for American farmers. I am convinced we should use our tremendous capacity to produce food as a tool for good in the world; however, I question whether the American people are ready to pay the price. Are we willing to substantially increase the expenditure of tax dollars to buy food to feed a hungry world? Do we want to separate the allocation of food from the market place more than we have already done? Are our people aware as agricultural productivity increases through new technology and innovation adoption, cost of supporting farm income through food purchases for distribution abroad may also increase?

I believe in using food as a tool of foreign policy and in taking a humanitarian approach, but over-emphasis can do more harm than good. We are just now, after many years of struggling, getting our surpluses and carryovers worked down to reasonable levels. If we become over-enthusiastic and turn loose production too soon, we could easily undo all we have accomplished in the past 10 years. Let's use food for peace, but let's be sure we know what we are doing!

(12) What structure for agriculture in the late 20th Century?

I fear we who are interested in agriculture have too often assumed we can solve the many problems of our industry by "tinkering around" in a minor way within the existing structural framework. This may be an

error. The economic structure of an industry should relate the technology of the day to the needs and wants of society. The structure of any industry is always inherited--based upon conditions which existed in the past, but modified to meet the more pressing conditions of the day. Technology in agriculture has been changing very fast. Under these conditions, simple logic tells us agricultural structure is probably outdated. It is. Too few of us have asked ourselves the really important question: "In light of modern technology and the needs of mid-twentieth century society, how should American agriculture be organized?"

(13) The administration of programs must be improved.

I introduced my remarks by saying the challenge of the next few years is to adequately administer the new programs so they achieve their intent. I shall close in the same vein.

Admittedly we have made some policy mistakes in the past 40 years, but equally serious have been the ill effects brought on by poor or ineffective administration. Administrators often lack an understanding of the social and economic principles which are fundamental to the very programs they operate. For example, I was appalled to learn many county personnel with USDA and state action and regulatory agencies do not understand the effect of a commodity having an inelastic short-run demand curve.

I am shocked at the general increase in the feeling of anti-governmentalism among farm people. A prime cause is unfortunate experiences with those who administer policy at the local and state level. Improved administration is our number one goal. Policy intent is meaningless if those who carry it out fail, or create an environment which destroys support for the program.

Those of us who have responsibility for education must revise our thinking and approaches. We must recognize that to people, government is that governmental employee with whom they deal. If our system of government is to work effectively, administrators at all levels must understand both the "why" and "how" of policy. We must devote research and other educational effort to ways of improving the program administration. If we don't administer the new programs with understanding, justice, efficiency and effectiveness, how we do the job rather than what we try to do may be the crisis of our time.