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1969
proceedings
NEW ENGLAND
AGRICULTURAL ECONOMICS
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PROCEEDINGS
1969 ANNUAL MEETING

UNIVERSITY OF CONNECTICUT
STORRS, CONNECTICUT

JUNE 16, 17, 18, 19, 1969

Reflections on Agricultural Policy

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Any administration, public or private, Republican or Democratic, is conditioned by events which went before it as well as by its own wishes and its own rhetoric. The principal preoccupation of the Secretary of Agriculture in the early 1960's was with effective production control and surplus disposal. This was so because the machinery of agricultural production adjustment and of agricultural policy decision-making had broken down in the 1950's, when Congress and the Executive Branch were controlled by different parties with sharp differences on farm policy.

Breaking the grip of obsolescent commodity programs was the major farm policy achievement of the past eight years. Direct payments to farmers, long advocated by agricultural economists, became the chief instrument of agricultural policy reform in the 1960's. Direct payments provided the means of maintaining farmer incomes when price support levels for the major crops were reduced sharply, thus breaking the grip of the long-discredited "high-rigid" price support system which had survived World War II. Direct payments also became the instrument of effective production adjustment, providing the incentives required to get farmers to reduce their acreages, especially of feed grains. In addition, direct payments set the stage for the current interest in reducing farm program costs by means of limiting payments to large farmers. It would have been better, of course, if this could have been done at the start in 1965, but for political reasons it could not be done.

There is some danger that the new programs of the 1960's will not survive the next round of agricultural policy debate. Cotton and possibly wheat growers will make an effort next year to go back to the old high price support system. These efforts should be resisted by all those persons, in the farms or in the cities, who are interested in constructive agricultural policy reforms.

The greatest disappointment in my years in the Department of Agriculture was the final stance of the Administration in which I served on food programs for needy people. At the end, we found

* Summary of remarks by former Under-secretary of Agriculture.

ourselves in an impossible position. By mid-1968, the Secretary of Agriculture and the Department of Agriculture, were on the defensive in this area where both had pioneered in earlier times. The Department of Agriculture invented the food stamp program in the 1940's and the school lunch program in the 1930's. Secretary Freeman fought in the 1960's for more assistance for needy families and needy schools. Time after time Congress was pushed into appropriating more funds for food than the House of Representatives had particularly wanted to approve in the first place. To lose the initiative in this important area was unfortunate for the Department, for needy people, and for the Administration.

This defensive posture developed partly out of efforts to defend a genuinely good record on food assistance, partly out of new concern by civil rights groups and senators led by Robert F. Kennedy for the people who had been effected by the 1966 cotton program, partly out of misjudgments in the Department of Agriculture, and partly out of the severe budget squeeze of 1968. The latter, of course, was the result of heavy Vietnam spending and the demand by Congress that the President's budget be cut by \$6 billion as a condition for passage of the 10 percent surtax in 1968. Plans for a massive Administration initiative on food programs in mid-1968, after the Poor People's March, simply had to be scrapped as a result of this combination of events.

Three problems loomed large on the Agriculture Department agenda as I left the Government in January of this year.

* What should USDA be?

** What is rural development?

*** Are commodity program costs too high?

The first of these questions is raised by the accumulation in the past 20 years of many functions under USDA control, but only peripheral to the original and basic mission of the Department of Agriculture. These include the School Lunch Program, Family Feed Programs, the Food for Peace Program, recreational aspects of national forestry programs, and many more. Some persons advocate a large and diversified Department of Agriculture with enough programs to interest and to co-opt a large number of congressmen. Others favor a small Department of Agriculture dedicated to agricultural research, extension education for rural people, monitoring agricultural commodity marketing and similar direct farm functions. One important question relates to programs falling under the heading of "rural development". Should rural development programs in the federal government be in the Department of Agriculture, or possibly in the Economic Development Administration of the Department of Commerce, or

in the Small Business Administration? I am not one who believes that the federal government is administered by organizational charts, but I do believe that serious attention should be given within the next few years to substantial reorganization of functions within the federal government, including those in the Department of Agriculture at the present time.

Secondly, the task of formulating a coherent national rural development program still remains. A few parts have been identified, especially the sharply expanded non-farm loan programs of the Farmer's Home Administration. Also the non-agricultural aspects of resource conservation carried on by the Soil Conservation Service, and the Forest Service, are important aspects of rural development, as is the recent concentration on the non-agricultural electrification programs by the REA. But there is no national program for industrializing parts of the United States which are not developing rapidly; there is no national program for decentralization of economic activity, and there is no central point in the federal government where one can go to discuss rural development. This question too ought to be carefully examined in the next few years.

Finally, we spend far more on agricultural commodity price and income support programs than the people of the United States wish to spend. I believe that if the man on the street could be polled, that nine out of ten Americans would say that we are spending more than we should in this area. Only the momentum of existing programs, the open-ended system of financing which is virtually beyond Congressional review, and the unwillingness of urban congressmen to come to grips with agricultural policy have allowed this spending to continue and even to escalate. Large scale reordering of spending priorities could be made within the U. S. Department of Agriculture if official judgments on appropriate levels of spending were to prevail. Less would be spent on cotton, wheat, feed grains, and sugar programs. More would be spent on school food programs in needy areas, on long-term land use, low-income rural housing, and many more areas.

Urban congressmen are increasingly interested in the U. S. Department of Agriculture budget, as indicated by the 1968 and 1969 revolts against the House leadership of both parties on the question of placing a ceiling on farm program payments. Members of Congress now understand that in the context of a fixed upper limit on federal spending in any year, the only way to have more to spend on selected high priority programs is to spend less on low priority programs. The vote a few weeks ago in the House of Representatives to place a \$20,000 payment ceiling on direct payments under the farm commodity programs reflects this new interest of urban members of Congress in spending less on certain aspects of the farm commodity programs.

In making these remarks I have tried to be candid, both in areas where my own personal views were in accord with the official views of the Department of Agriculture when I served there, and in those areas where my views have diverged from the official views. I intend no criticism of persons who have administered programs in the Department of Agriculture. They do a very good job.