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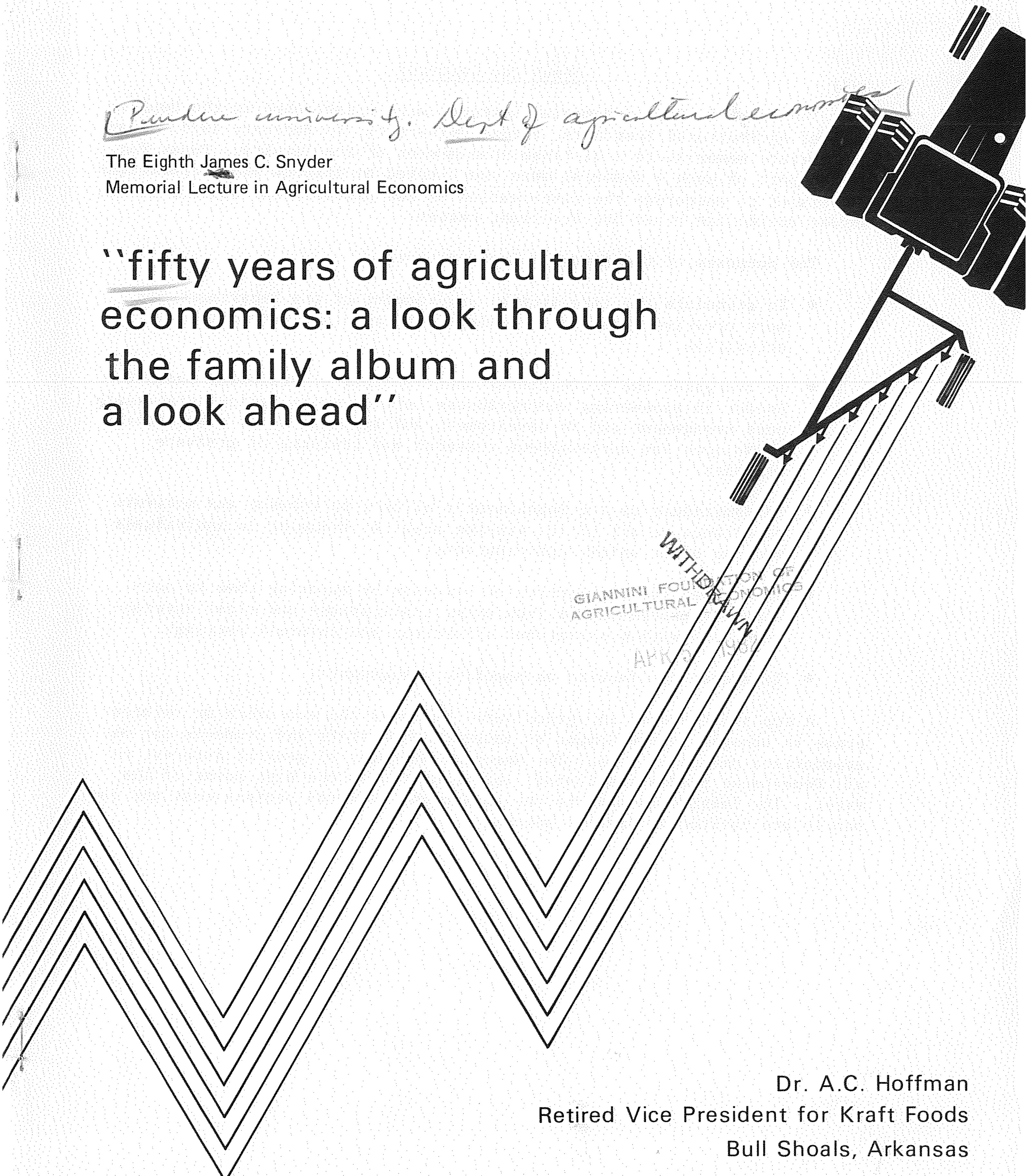
The Eighth James C. Snyder
Memorial Lecture in Agricultural Economics

``fifty years of agricultural economics: a look through the family album and a look ahead''



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Bull Shoals, Arkansas

February 11, 1982

About the Lectures

The James C. Snyder Memorial Lectures were established in the Department of Agricultural Economics, Purdue University, in February 1975, as an appropriate memorial to a distinguished member of the faculty. Funds for the support of such a memorial were contributed by friends and corporations who wished to encourage the continuation of the professional efforts of Jim Snyder during his brief but brilliant career.

The purposes of the Memorial Lectures are:

- To stimulate the intellectual environment of the Department for more creative research, teaching, extension and international activities.

- To recognize the professional contributions of Professor James C. Snyder in pioneering undergraduate curriculum in agricultural business management and in development and application of quantitative techniques for agribusiness research and training of graduate students.

- To contribute to the Department's efforts to enhance and motivate excellence in all of its mission areas by bringing in individuals who can offer unique contributions.

- To broaden the perspective of students by exposing them to outstanding professionals from other institutions and close interaction both within structured situations and informal settings.

- To assist the faculty on specific assignments.

A top professional in agricultural business and economics or related areas is brought to the Campus to interact with staff and students for an appropriate period of time. The Memorial Lecture, of general interest to all Department professional staff and students, is the high point of the visit. The lecture is open to the public and selected professional and lay people are invited as special guests.

FIFTY YEARS OF AGRICULTURAL ECONOMICS:

A LOOK THROUGH THE FAMILY ALBUM AND A LOOK AHEAD

By Dr. A.C. Hoffman

The Snyder Memorial Lecture in Agricultural Economics

Purdue University

West Lafayette, Indiana

February 11, 1982

Fifty Years of Agricultural Economics: A Look Through the Family Album and a Look Ahead

by

A.C. (Oscar) Hoffman*

The James C. Snyder Memorial Lectures in Agricultural Economics have established a high standard in the profession, and I have been hard put to know how I might make a suitable contribution to them. I have been retired for more than a decade and live in Bull Shoals, Arkansas, which is not exactly the best place from which to observe what is going on in agricultural economics.

I finally decided to use the main resource left to me, which is that I must surely be one of the oldest agricultural economists still extant and able to get about. Oldsters like to do two things -- they like to reminisce and give advice of doubtful value to the young. Today I will be doing some of both. I shall try to keep my reminiscenses relevant to the current condition of the profession, and of course I will be telling you how you ought to be doing things.

As we go along, I will bestow some accolades and, as the situation requires, I may poke a little good-natured fun at some of the foibles of the profession and a few of its patron saints. I hope I will be forgiven for this, but economists are so full of gloom and doom these days that I think they can do with a little good-natured fun.

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The most unfortunate thing about an undertaking of this kind is that one cannot even begin to list all the splendid things agricultural economics has done over the past fifty years, nor to name more than a handful of the fine economists who have graced it. I sincerely regret this. My main purpose today is to try to give young agricultural economists a small slice of the history and traditions of the profession they have chosen to enter, and to tell them a little about some of those whose names still appear in their bibliographies, tho with less and less frequency. As the title of my paper implies, its organization is necessarily somewhat kaleidoscopic, so to help you in following it I have provided topical headings, which I will give you as we move along.

The Decade of the 1920's -- Supply-Side Economics

I began my career in agricultural economics by graduating from the Kansas State Agricultural College in 1926, with a major in animal husbandry and livestock judging. Several years later another young fellow by the name of John Kenneth Galbraith graduated from one of the Canadian agricultural colleges, also with a major in animal husbandry and livestock judging. Somewhere in his writings Galbraith records that he was once asked if this did not seem rather inadequate as undergraduate preparation for a career in economics and he replied that on the contrary he could not think of a better one, since he had less nonsense to unlearn.

Mainstream economics in those days was what, in current parlance, we refer to as supply-side economics. Its basic postulates were perfect competition, free markets and laissez faire. Calvin Coolidge was President for most of the decade and ran the government according to his oft-quoted dictum that the main business of government was business. Withal it was a period of unprecedented prosperity in America, it was called the New Era, and most people thought it was forever. The whole shebang went over the cliff with the stock market crash of 1929.

Agricultural economists in those days were, without notable exception that I can recall, what we now refer to as agrarian fundamentalists. The family farm, both as a production unit and a way of life, was taken as a given, and we were taught that it too was forever.

Perhaps because of its basic orthodoxy, agricultural economics does not have a very good track record for predicting the future. All sorts of things were happening to agriculture in the 1920's -- the tractor had come into general use, farms were becoming larger and fewer, out-migration from agriculture was well under way, and there were enough big-scale corporation farms around to have become a political issue in some states.

But of all this you will find very little in the dialogues and writings of agricultural economists in those days. The most prescient book of the decade about what was to happen to agriculture in the next fifty years was entitled "Too Many Farmers". It was written by a journalist named Wheeler McMillan, about whom I doubt that very many of you have ever heard because he had no academic credentials in agricultural economics.

Even more amazing things were happening in the food industries. The corporate grocery chains were driving the independents out of business, a great wave of mergers was under way, and never before nor since has the structure of the American economy changed so much in so short a time.

Agricultural marketing in those days concerned itself mainly with cooperative marketing and the first-stage handling of farm products, so it is understandable, if not entirely forgivable, that the profession also largely missed the significance of all this.

But if agricultural economists have not been very good at predicting the future, they have a fine tradition of helping out with the present. General economics in the 1920's was mainly a classroom exercise, but agricultural economists were out in the field doing research and extension, helping farmers with their production and marketing problems, and beginning to address themselves to government policy concerning agriculture. It is to the great credit of the profession that it has traditionally played an active role in the economic life of the people it was supposed to serve.

By current standards the analytical tools of economics were rather crude in the 1920's, but agricultural economists had a prominent role in improving them. In this connection I would mention especially Fred Waugh and Mordecai Ezekial, but there were others, among them Henry A. Wallace, who was co-author of a rather sophisticated book on statistical methods.

There was some model making, but this was not a major pre-occupation of the profession as it has since become. Since few agricultural economists in those days had had any training in mathematics, they used geometry to depict their models. Because of this deficiency in mathematics, I doubt that very many of us who were graduate students in those days could have gotten a Ph.D. in economics in a first class university today.

What we now refer to as agricultural policy had not yet been recognized as a major branch of the discipline, but a start was made. It centered around the McNary-Haugen bill for farm relief, which President Coolidge vetoed twice. Some agricultural economists -- notably Professor John D. Black, but there were others -- favored this legislation, but I think it is correct to say that most opposed it on the grounds that it was "unsound" for the government to intervene in economic affairs.

I will conclude this cursory account of agricultural economics in the 1920's by awarding the first of several accolades. It is to Professor John D. Black of Harvard. Judged strictly as an economist, he was not the best the profession has produced and as a classroom teacher he was lacklustre. But he was an activist, and he believed that above all else agricultural economics should be useful and relevant to the problems of those it was supposed to serve. One of his numerous books, "Agricultural Reform in the United States" (published in 1929), was in many respects a blueprint for the agricultural programs of the New Deal, which was to come in the next decade.

1930-1933: The Worst of Times

There was a short period of about three years from the onset of the Great Depression until the coming of the New Deal about which very little is known or remembered today. It was the worst of times for agricultural economists. Farm prices had fallen to disastrous levels, and the profession was not of much help with solutions. Under heavy pressure to do something, President Hoover established a Federal Farm Board with a fund of 500 million dollars (a substantial sum in those days) to stabilize prices of some of the basic crops, but the money was soon spent and prices went on down. Again agricultural economists were divided as to President Hoover's farm relief program, but in all candor, many of us were so worried about our jobs we could think of little else.

During those bleak years, I was an extension economist in agricultural marketing at the University of Wisconsin, but the farmers were in an angry frame of mind and the times were not propitious for an agricultural economist to go among them to do extension work. It didn't help any that most of the Outlook material we were given to dispense kept predicting that prosperity was right around the corner and things were going to get better, but before we could get out to the farmers with the good news, things had already gotten worse. None of us who ever lived through those bad times will ever forget them.

There was, however, one thing which greatly enlivened the profession in those dark days -- the brief but spectacular career of one of the founding fathers, Professor George Warren of Cornell, as a monetary theorist. In the early days, Professor Warren had made great contributions in the fields of farm management and agricultural prices and for which the profession is in his debt to this day. But in the 1920's Professor Warren decided to branch out into the field of monetary theory, where his researches persuaded him that there was a direct and causal relationship between the price of gold and the general price level. At first no one paid much attention to him in his new role -- John D. Black used to refer to him rather deprecatingly as the "Gold bug". But as the depression deepened, Professor Warren gained a wide following and was indeed credited with a major role in persuading President Roosevelt to devalue the dollar in terms of its convertibility into gold. When President Roosevelt did this and nothing discernible happened, either to the economy or the general price level, Professor Warren dropped from sight and was not heard of again as a monetary theorist.

The Best of Times: The New Deal and the Triple A

I think it is generally conceded that the best of times for agricultural economists -- the Golden Age -- came with the New Deal and the Agricultural Adjustment Administration. As is well known, agricultural economists had a major role in developing and administering the New Deal farm programs.

Practically all the farm programs in place today -- support prices, income payments, production controls, marketing agreements, soil conservation, the Food Stamp Plan -- all were started more than forty years ago and have not been basically changed since that time.

Several decades ago some agricultural economists worried that, as the number of farmers declined and political administrations changed, the funding by Congress for these farm relief programs would decrease. As it turned out, they need not have worried: The old New Deal farm programs survived the recent Reagan budget-cutting better than most of the urban welfare programs.

As one who was young in the 1930's, I somehow feel sorry for agricultural economists who are young today. We were writing on a clean sheet of paper -- not much had been done or even thought of. If you want to be innovative, your task is much harder than ours was.

Frederick V. Waugh and John Kenneth Galbraith

During the 1930's, it was my good fortune to have had some association with two of the most famous economists the profession has produced -- Frederick V. Waugh and John Kenneth Galbraith. Because of their fame, you might like to know a little more about them and their economics when they were young. I can assure you it is relevant to the current condition of the profession, because both of them had a major role in shaping it.

Waugh is rememberd mainly as an econometrician, but he was much more than that. In the mid-1930's, a new Division of Marketing Research was established in the Bureau of Agricultural Economics under the direction of the then-young Waugh, and he took me aboard. It was only a small unit -- we never had more than nine or ten people of professional grade -- but under Waugh's innovative leadership we tackled all sorts of big problems. Among our projects was the first in-depth study of food margins, the Market-Basket-for-Food index (which Waugh himself developed), large-scale organization and concentration of control in the food industries, reorganization of terminal produce markets, internal trade barriers, surplus food disposal, and this was only a partial list.

Bt the biggest thing that happened to us was when Waugh gave birth to the Food Stamp Plan. In a famous article in the May, 1938, Journal of Farm Economics (as the AJAE was then called), he demonstrated how farm production could be increased, farm income raised, and social welfare improved by diverting a larger share of the food supply from high-income to low-income consumers than would occur under ordinary market conditions. When the article was brought to the attention of the Administrator of the

Surplus Marketing Administration of the Triple A, he summoned Waugh to his office to work out a practical way of doing this, and the first Food Stamp Plan was the result.

The Food Stamp Plan is generally accepted today as an integral part of the welfare system, and woe to the politician, or the agricultural economist, who would advocate its abolishment. But when it was first proposed it was quite controversial, and because the arguments surrounding it then are seldom heard today, you may be interested in what they were.

To the extent that the Food Stamp Plan provided a net increase in their welfare payments, the recipients obviously benefitted; but many argued it would have been simpler just to have given them the extra money. Then, as now, the Stamp Plan was funded as part of the agricultural appropriations bill, and the farmers were understandably lukewarm toward it because they would have preferred the money in other forms. (This was before they discovered its possibilities for log-rolling with urban Congressmen at appropriations time.) Not surprisingly, the food industries were among the most ardent supporters of the Food Stamp Plan: they hoped it would supplant the direct distribution of surplus farm products by the government itself, using the unemployed to supply most of the labor in what was becoming a major public service employment project. Of course no one bothered to consult the taxpayer, but for him the Stamp Plan was obviously the more costly of the two methods.

Before putting the Stamp Plan into general operation, the Administration decided to make an economic study of it addressed to the above issues, and Waugh was designated to do the study. He knew I preferred the direct government distribution method to the Stamp Plan, but I guess he thought the study needed a devil's advocate, so he pulled me off my other work to help him with it. The result was the first study ever made of the Food Stamp Plan. Since then enough studies of it have been made to fill a small library, and whenever Waugh and I got together for a visit in the many years that followed, we used to chuckle about this.

It was while I was working for Waugh that I encountered Galbraith. I was writing my doctoral thesis in absentia for John D. Black at Harvard -- in those days most of us had to write our dissertations in absentia because the professors did most of their own work and there weren't enough assistantships to go around. I had just gotten underway with it, when a letter arrived from Black saying he had hired Galbraith and was turning me and my unfinished thesis over to him.

Galbraith had already started to make waves, and I knew it was to be a new ball game. It took me a little while to get it through my head that I would have to buckle down and do some work, but once I got over this hurdle, writing a doctoral thesis under Galbraith was as near pleasure as these things can ever be, and I mean that literally.

I had chosen large-scale corporate organization in the food industries as my thesis subject, and although Galbraith was not destined to write "The New Industrial State" for another thirty years, I can assure you that the seed for it was alive and growing in his mind, and I was the beneficiary of this. I cannot recall a single point of economics on which we disagreed -- economic determinism, the economics of enterprise scale, no clear upper limit to the size of business enterprise (in those days a heresy), public policy to deal with economic power -- we agreed on all of it. Of course I have no idea what would have happened if I had been a member of the Chicago School! The only trouble he gave me was with respect to rhetoric -- he was constantly urging me to quit trying to write like an economist and get a little more style and grace into it.

While I was writing my thesis, a funny thing happened involving Waugh and Galbraith. I was working on the theory of bilateral monopoly and Waugh got interested in it and prepared an elaborate mathematical model depicting the principles involved. I, of course, could not understand Waugh's mathematics but he assured me it was consistent with what I had written, so I bundled the whole thing up, including Waugh's mathematical model, and sent it off to Galbraith.

Back came his reply. Galbraith said he couldn't see much use for my concept of bilateral monopoly -- he was currently hung up on his theory of countervailing power -- but he thought it was an interesting theoretical gimmic, and should be included as written in my thesis. Waugh's mathematics, however, did not fare so well with him. He said it added nothing, and was, moreover, a form of "show-boating" of which he did not approve. For several days Waugh was uncharacteristically churlish about that.

I am now ready to bestow my top accolades, the last I will pass out today. If there is an all-around, all-time, all-american agricultural economist, it would have to be Fred Waugh, and few who ever knew him would disagree.

As for Galbraith, he has become an institution and defies classification and rating as a mere economist. But whether one agrees with him or not, he must be bracketed with Keynes as the most influential economist of his time. Now that some of the Keynesian nostrums do not seem to be working very well, Galbraith may end up having the distinction all to himself.

From the TNEC to Merger Mania

The most important development in the American economy so far in the 20th century has of course been the rise of big business. Agricultural economists were late and their record has been spotty in dealing with this.

In the latter part of the 1930's, the U.S. Senate set up what was called the Temporary National Economic Committee (TNEC) to investigate the growth of big business and concentration of control in the American economy. The TNEC made the most thorough study of the structure and performance of our economic system that has ever been made, before or since. Its most notable achievement before its work was summarily ended by the outbreak of World War II was its Monograph Series of Economic Studies, covering nearly every branch and facet of the economy.

Agricultural economists had done almost nothing by way of research on the food industries which was relevant to the broad purposes of the TNEC, and in the absence of anything better, it published my doctoral thesis as TNEC Monograph No. 35, "Large-Scale Organization in the Food Industries". Such was the rather sad state of agricultural marketing research as the 1930's came to an end, but a start had been made.

Shortly after World War II, considerable public interest developed with respect to the food industries: Were they efficient? Were they competitive? Were they serving the interests of farmers and consumers properly? In response to this, Congress passed the Research and Marketing Act of 1946, and as long as the funds created by the Act lasted, there was a great outpouring of research in agricultural marketing. But with a few notable exceptions, the studies were largely descriptive, uncoordinated and fragmentary, and not much of consequence resulted.

In the early 1960's, there was again much concern about the food industries, and Congress set up what was known as the National Commission on Food Marketing (NCFM). This time the profession was ready. Under the very able leadership of Professor George Brandow of Penn State, and staffed largely by agricultural economists, the NCFM did an outstanding job -- in my judgment, one of the best agricultural economists have ever done in any field.

But since then something new has arisen. For the past fifteen years or so, the American economy has been in a state of what is aptly called 'Merger Mania'. With most of the smaller companies long since gone, the dinosaurs are out devouring one another. No one knows where this will end, and no end is in sight, but I think it is safe to predict that so long as there are two corporations left in the American economy, they will be out trying to acquire each other. It is a corporation built-in.

If one is to judge by what is currently appearing in their journals and publications, agricultural economists are up to their old tricks and are not paying much attention to Merger mania. But sooner or later they are going to have to treat this, at least so far as the food industries are concerned.

I know something about the excellent work being done on the structure and performance of the food industries by the Food System Research Group (NC-117), comprised of agricultural economists from many of the leading land grant universities (including Purdue), and I will not be disappointed if they do not tackle this problem in the not-distant future.

Agricultural Economics Goes Global: Foreign Aid and Third World Economic Development

Prior to World War II, the concerns of agricultural economists were largely limited to the domestic scene, but in recent years they have become global. I must confess to you that I am still a bit envious when I read of the travels of agricultural economists to distant and exotic parts of the world to help with the problems there. In my time, the common garden-variety of agricultural economist was lucky if he got to travel outside of his own state.

Since World War II, the Congress has appropriated large sums of money for foreign aid of various kinds, and these have been supplemented by funding from several of the large private foundations. As a result, a whole new sector has been added to agricultural economics.

We like to think of these foreign aid programs as evidence of America's concern for the human condition in less fortunate parts of the world, and in this respect they have indeed done great good. But there is also a little flummery here. If our unilateral foreign aid programs help the needy, they also on occasion help to get rid of agricultural surpluses, fight the Cold War, and sometimes engage in a little old-fashioned imperialism. The well-known Professor Willard W. Cochrane, never one to beat around the bush, once summed up these foreign aid programs as a mixed bag, supported by men of good will and vested interest. Professor Cochrane knows far more about these programs than I do, and I will leave the matter where he does.

The other part of global agricultural economics relates to Third World economic development. Several years ago a very prominent agricultural economist, Professor T.W. Schultz of the University of Chicago, received a Nobel Prize in Economics for work in this field, the first agricultural economist ever to be so honored. Three years ago, from this platform, Professor Schultz gave the Fifth James C. Snyder Memorial Lecture on the subject of Third World economic development. Because of his eminence in the field, and because his views probably represent the current conventional wisdom of agricultural economists concerning it, I think it is worth recalling precisely what it was he said on that occasion.

Professor Schultz began by saying his main argument was that the economic prospects of low-income countries were good, "provided they do not flounder in political instability". He did not say what kinds of governments or conomic institutions he wanted to stabilize. He stressed the role of the entrepreneur and financial incentives for farmers, and said they could do a better job of allocating economic resources than governments. As he has increasingly done in recent years, Professor Schultz emphasized what he calls human capital rather than social and economic institutions as the main factor in economic development.

Now I have read this paper by Professor Schultz carefully and several times, and I think it is a correct assessment of it to say that his formula for Third World development is not greatly different from that of President

Reagan at the recent Cancun Summit of Third World countries -- free markets and private enterprise.

Now the views of a President and a Nobel Laureate in Economics are never to be taken lightly, especially when they coincide, but I must submit to you that there is another point of view here, and it is one held by many thoughtful people. In a famous and oft-quoted essay written many years ago comparing India and Communist China, Walter Lippmann expressed it when he predicted that the future of the developing countries would probably belong to whatever set of political and economic institutions best succeeded in giving employment to their impoverished masses and putting food in their stomachs.

Somehow it worries me that such a large sector of agricultural economics must depend so much for its orientation and funding on the vagaries of international politics in these troubled times.

Advice and Admonishment

In our family, the keeper of the main family album was my old Pennsylvania Dutch grandmother. When she had finished showing us the pictures, she would sigh, remark sadly that times were not what they once were, and proceed to give advice and admonishment. I have reached that stage in this paper.

In the fifty-odd years I have known the profession, agricultural economics has never had greater resources in terms of trained personnel, analytical tools and funding than it has today, and in some respects its accomplishments have never been greater. Yet somehow there seems to be a sense of frustration and unease among agricultural economists, of which I'm sure you are all aware. Partly this is a symptom of the malaise which affects all economists these days because stagflation seems intractable to their prescriptions, but agricultural economics seems to have some internal problems of its own.

One of these problems seems to be that agricultural economists are talking more to themselves than to their clients these days. Not to put too fine a point on it, but maybe there has been a little too much mathematical modeling which the clients can't understand. The November 1981 Newsletter of the American Agricultural Economics Association reports that two new committees have been set up to look into this matter of mathematical modeling -- one to "make recommendations to the Association on how we can improve our modeling efforts"; and the other to "make recommendations on how to translate the results of such modeling into material for direct use by extension people, government authorities, industry people and undergraduates." I'm not sure whether to be encouraged by the appointment of these two new committees, or not.

An overly extravagant use of mathematics is not the only thing which sometimes turns off the clients. For example, most institutional economists eschew the use of mathematics, but they have developed an esoteric lexicon of words and concepts which only other institutional economists can understand. In the short run it may seem more important to the individual economist to impress his professional peers than the clients, but not in the long run.

Then there is this tendency to deal in trivia. Obviously not all agricultural economists can go striding about in seven-league boots solving the big problems -- somebody has to sharpen the tools, provide working materials, and deal with the little problems. But there can be too much of this, especially in these times when funding for agricultural economics is becoming more stringent than at any time since the Great Depression.

This is not an indictment of all agricultural economists. I would be remiss if I did not also say that in my judgment many of them are doing work of the highest order. I wish there were time to list some of them and mark their accomplishments, but the list is long and to name some would be to neglect others. If someone were to write the history of agricultural economics fifty years from now, I'm sure he would name several to rank with the three on whom I have placed my accolades today.

In the few minutes remaining, I would like to turn to several more important concerns.

As one looks back over the years, it seems to be that the biggest thing that has happened to agricultural economics is the increase in the number and kinds of its clients. Time was when the main client was agriculture and the family farmer, but now there are all sorts of farmers - part-time farmers and hobby farmers and big-scale corporation farmers. Many agricultural economists lament this and believe the profession should direct its efforts mainly toward those farmers who, if we stretch the definition a bit, might be called family farmers. Leaving aside the value judgments involved here, I shouldn't think it would be wise for agricultural economists to ignore any of these new kinds of farmers, lest they in turn ignore agricultural economists. This is a facet of the whole problem confronting the land grant college system as the structure of agriculture changes, and you know far more about this than I.

In this connection, Professor Earl Heady presented some rather disquieting figures in his Snyder Memorial Lecture here last year. He gave it as his judgment that Iowa could be farmed by 16,000 farms rather than the current 121,000, and said Professor Luther Tweeten estimated that only 50,000 farms would be needed to produce two-thirds of the nation's farm output by the year 2000. Hopefully there is not a fixed ratio between the number of farmers and the number of agricultural economists!

But if the profession stands to lose a little business in agriculture itself, it has picked up a lot of new business outside agriculture -- agribusiness and the food industries, the Third World, the food consumer, and as if this weren't enough, the Congress has recently brought the entire countryside within its purview by funding it for work in rural development. I think it is wonderful and this has happened, but this new business brings some new problems.

For one thing, I'm afraid the profession will have to develop a little more reach and perspective than it has sometimes shown in the past, but this parochialism can be remedied if there is a will to do it.

Then there is what might be called the conflict-of-interest problem. Agricultural economics, more than most other kinds, has a dual role to play: one is to help its private clients with their production, marketing and decision-making problems, and sometimes even with their political problems in Washington; and the other is to serve the interest of the public, which in the last analysis provides most of the funding. Sometimes the interests of its various clients do not coincide. Hopefully the profession will never forget which is its Number One client.

If I were to make one overall criticism of agricultural economics as it has developed in my lifetime, it would be that it has stayed too close to neoclassical economics, and still does. This has had some serious consequences.

For one thing, neoclassical economics does not provide a good basis for understanding the modern corporation and the economics of enterprise scale, and this is mainly why agricultural economists have had such a lousy record in predicting what was to happen to economic structure in the food industries and even in agriculture itself.

More serious is the fact that neoclassical economics does not deal adequately with the problem of economic power, and sometimes it seems that some of its main-stream practitioners do not even know the problem exists. Insofar as it is dealt with, the model is usually that of single-product monopoly in its relevant market, with its adverse consequences measured mainly in terms of prices, profits and output in the industry directly affected.

But far more than this is involved. The current reality is that economic power is related, and directly, to the overall performance of the economy in terms of unemployment, cost-push inflation, idle plant resources, and adverse balance of trade, and an almost intolerable welfare burden. Lest I be accused of not being specific on this all-important matter, I tried to treat it in some detail in my Fellows Address to the American Agricultural Economics Association at its Urbana meeting in 1980.

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I wish I could find it within myself to end these remarks on a cheerful note, but I can't. I never thought I would live to see such a thing, but with Reaganomics we have come full-circle back to the 1920's, which is where I came in. It is easy to criticize Reganomics -- I do it myself whenever I can find anyone in Bull Shoals to listen. But when the critics are asked what they themselves would do, they usually come up with little more than a tired replay of the old Keynesian nostrums, maybe updated a bit by Professor Friedman's monetary theories -- plus, of course, more welfare. The people have indicated they don't think much of this either.

One frequently hears it said these days that there is no cure for our economic ills, and that the people must come to understand this and hunker down. This is an easy cop-out for politicians and their economic advisors who are charged with doing something, but I cannot think of a more dangerous doctrine. If history teaches us anything, it is that when the people reach the critical stage of frustration with their economic condition, they do one of two things: either they go off to war, or they take to the streets and break up the institutional furniture. Neither is a pleasant prospect.

If I could have one wish for agricultural economists in the next fifty years, it would be that they have the courage to break free from the constraints of old precepts and panaceas, to face controversy, even to risk the disfavor of their orthodox peers, which is the ultimate badge of courage for all economists.