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POLITICAL PRESSURES AND INCOME DISTRIBUTION  
IN AGRICULTURE\*

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We are now well into the fourth decade of experience with a series of obligations assumed by the American society to involve its national government intensively in the alteration of income flows on behalf of farmers. Throughout these years, the rationalizations of the actions taken have been fully as diverse and evanescent as the composition of political support which gave them sanction. The composite of net political support has embraced not only varying perceptions of "the farm problem" but also varying and changing perceptions of the proper role of government, the latter being particularly true of the perceptions arising from within agriculture. Depression, war, and technological impact have been the principal elements of environmental change, but the political support essential to the actions taken has apparently depended heavily upon a pre-existing and long-surviving endowment of sympathy for "the farmer" who, according to prevailing ideology, was unfairly treated by the economic system and therefore entitled to protection and redress.

That conceptions of disadvantage should emerge, survive, and attain great political significance is perhaps not truly remarkable. Despite a heritage of land and opportunity almost without parallel in the modern world, American farmers--some more than others--have suffered economic adversity ranging from poverty to disillusionment. What is remarkable is that so much political sympathy for the farmer as an undifferentiated

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Policies and programs  
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eclectic abstraction has not been matched by an equal concern for the really poor as against the not so poor within agriculture. It may be close to self-evident who those who articulate the interests of organized farmers might wish to maintain an undifferentiated image of disadvantage, but why the nonfarm sources of political support have not required that aid to farmers be more nearly calibrated to individual needs is far from evident.

The failure of political sympathy for "the farmer" to be specific as to need and to carry through to the needy has meant that the bulk of the program benefits for more than thirty years have been distributed in disproportion to need and that they have been rewarding to the owners of land and unrewarding to the owners of labor.

Proposals have been made to graduate the benefits of various programs or to place ceilings upon them, thereby making the distribution more egalitarian. With some few exceptions, these proposals have been the casualties of sharp opposition centering in the leadership of farm organizations. The Brannan proposal with its 1800-unit ceiling is possibly the most renowned failure while the Jones-Costigan graduated sugar payment system, including its labor provisions, is perhaps the outstanding success.

Over the years, there have been many opportunities to make egalitarian choices, either in the distribution of general benefit programs or in programs selectively directed towards remedying or alleviating poverty. Because of their generality and the immense magnitudes of money involved, the price support programs rank first. The victory of the non-recourse loan system over the compensatory payment system is one of the major triumphs of American farm politics. The non-recourse loan method not only provides its own blanket of obscurity as to who gets how much and who pays for it; it also is not vulnerable to ceilings or graduation. Although there have

been shades of difference in enthusiasm among organizations as to the choice of system, the real differences have been on the level of support.

In addition to price supports, other choice situations involving selectivity or differentiation have been principally the following: action programs such as the Farm Security and Farm Home Administrations designed to improve asset ownership and managerial ability among low-income farmers; clientele priorities directed toward identified needs, such as Land Use Planning in 1938-1942 and Rural Development since 1956; and finally, any and all of the proposals and efforts such as minimum wages, unemployment insurance, social security, none of which have enjoyed much popularity in farm politics and all of which were centered on human beings rather than land or commodity.

That eligibility for programs of any monetary consequence has tended to center upon land and upon commodity, that benefits have tended to be in proportion to the amount of land owned and the production therefrom and that the rationalizations for these arrangements are firmly embedded in political consideration are, I believe, matters of considerable familiarity. Assuming this, I shall not now undertake a detailed documentation of who supported or opposed what and when. Rather, within the imposed space constraints, I wish to examine some of the aspects of organizational behavior and institutional influence that have influenced the choices that have been made.

First to be considered is the farmers' association as an organizational entity. As these organizations customarily give the impression of speaking for "the farmer" and for "agriculture" and since they seem to be sort of voluntary, self-initiating, mutual benefit associations, it is not completely illogical that many people expect them to represent the full

4.

spectrum of farmer interest. These are the people who are dismayed that the organizations seldom show much sympathy for the poor and unsuccessful-- and that their philosophies are so divergent. Among those dismayed on the latter score is Secretary Freeman who on occasion admonishes farm leaders to bind up their schisms and present a unified picture of what the farmers really want.<sup>1/</sup> For two principal reasons these views of the farm organization are naive and imperceptive: they deny the importance of diversity and heterogeneity, including class, in the broad spectrum of farm interests; they are not realistic views of organizations in the environment of American agriculture, or of their means of acquiring power and of survival.

I suggest that organizations representing segments of economic interest can most usefully be looked upon as agencies engaged in the business of marketing organizational ethos, political posture, and bargaining power. These are products that must be fashioned to a market or they do not sell. Within the heterogeneous range of American farm enterprises and occupations, the agencies whose products are organization and representation can, do--and perhaps must--differentiate their product; hence, the Farm Bureau, the Grange, the Union, and, as well, numerous additional commodity, area, and special purpose organizations. Obstinate, divergent philosophical commitments of farm leaders do not any more explain organizational fragmentation in the United States than does the uniqueness of Lord Netherthorpe explain unity in Great Britain.

The market for organizations seems to be best among those who already have interests to be protected as well as promoted; it is poorest among those who have little to protect and whose "needs," exteriorly defined, might be judged to be the greatest. It is not just coincidence that the organizational strength of the AMA, the NAM, and the skilled

crafts is so sharply in contrast with that of sharecroppers, migratory farm workers, and janitors.

In this affluent, pluralistic stage of American society, effective political pressure comes much more from organizations associated with success than from those based on protest--a generalization I believe to be valid even with the exception of the civil rights movement. In any event, the poor of agriculture have not been a good market for organization in this century. Consequently, it has followed that all of the farm organizations--even as each has seemed to be speaking for farming generally--have actually been constrained, for the sake of their own organizational prosperity and survival, to serve the interests of those who were conscious of their interests, however differentiated.

The entrepreneurs of organization have done a fair job of assessing the diversity of their markets. Even more to be admired is their agility in designing ideological doctrines that would serve as vehicles to carry the particular interests of their segment without clearly revealing the nature of these interests to nonfarm supporters. Thus the non-recourse loan has the alleged merit of permitting farmers to earn their incomes in the market place; it avoids government handouts; it does not reward failure and punish efficiency. Getting rid of Farm Security meant a great achievement in avoiding duplication of services and governmental inefficiency. Terminating Land Use Planning was essential to the preservation of local government against federal encroachment.

The Grange, the Union, and the Federation in their policy resolutions give consideration to the low-income farmers or to rural under-employment. The three statements reflect varying combinations of piety

end punch. For the Federation, the mix is mainly piety, for it said in 1959:

"We insist that control of the Rural Development Program remain at state and local levels. All agencies participating in the program should support it, but the agricultural extension service should have the primary leadership responsibility. We are opposed to the creation of a new agency to administer this program."

This instruction was for the benefit of the Ezra Benson regime but judging its merits was soon to be up to Orville Freeman. Apparently the instruction has been found meritorious for despite two changes in name for rural development and a great step-up in rural renaissance rhetoric, contemporary rural development consists of a minute staff with no action program of its own, on the ready to supply coordination, expedition and liaison--all to an assortment of federal, state, and local agencies, each firmly hinged by comfortable political symbiosis to their own respective clienteles.

When one extends his examination of organizational ethos into ideology and its manipulative possibilities, he soon discovers a more obscure and elusive source of political pressure from within agriculture. It is one which interrelates with the size attributes of farm enterprise and with the concept (or slogan) of the family farm. In varying proportions, all farmers except the very largest are self-employed workers as well as self-capitalists and entrepreneurs; many also are at least incidental employers. But for most American farmers, the main occupational component is self-employment. Even the fairly large full-time farmer whose farm is worth \$40,000 and who hires 100 man-days of

supplemental labor should be more interested in the level of labor returns than in high capital earnings or in low wages for hired workers. Only for those few whose investment approaches or exceeds \$100,000 and who hire most or all of their work done should the logical interest alignment be that of capital owner and employer. Yet it can scarcely be denied that the pro-investor, anti-labor psychology generally prevails among American farmers. The varying degrees of intensity in which it prevails are one of the main bases for organizational differentiation.

The American farmer has a long history of property and capital gains consciousness. Alexis de Tocqueville noted that in the 1830's:

"It seldom happens that an American farmer settles for good upon the land which he occupies: especially in the districts of the far West he brings land into tillage in order to sell it again and not to farm it: he builds a farm house on the speculation that, as the state of the country will soon be changed by the increase of population, a good price will be gotten for it . . ." <sup>2/</sup>

Richard Hofstadter, 120 years later, concluded that the agricultural society, emerging from the conflict between the agrarian myth and an environment of commercial realities, was one which cherished not the land but land values.<sup>3/</sup>

For the farm organization leader (i.e., entrepreneur), the concept of property ownership as transcendent over occupation is something not to be ignored. On the contrary, it is an attitude to be exploited, not the least of reasons being that the active minority which normally constitutes the leadership group of an organization is likely to have

considerable property interest. Consequently, farm organization ideology is saturated with the psychological postures of the property owner and employer. And accordingly, the great mass of American farmers do their thinking in these terms even when their roles of property owner and employer are at most quite incidental to their self-employment.

Under the circumstances, it is not remarkable that production allotments and marketing quotes mostly have their eligibility in land rather than in people; nor is it remarkable that program benefits tend to flow into the hands of land owners through capitalization rather than into labor returns, either of the self-employed or of hired workers.

This outcome results from the behavior pattern of American farmers in the land markets. They do not appear to regard a large investment in land as an obstruction to an occupational career but rather as a prospect for further capital gains. They seem to be quite prepared to sacrifice current labor income in the competition to acquire land.

This is not the entire explanation of the doubling of land values since 1950, during which time aggregate farm income has not risen. Yet, during the period 1950-1962, as a fairly stable aggregate of net income has been realized by a declining number of recipients, there was the opportunity for a significant rise in labor incomes. And if land, rather than labor, were the residual claimant--as classical theory says--there was something like 45 cents per hour more for labor in 1962 than in 1950.<sup>4/</sup>

But the markets for land and labor have operated in such a way as to award this increment of income mainly to land owners. On the ever-rising valuation, "comparable returns" (i.e., the going interest rate on comparable investments) use up almost all of the per capita income

increment. It scarcely needs to be added that realizing income as capital gains and in proportion to land ownership is a far less egalitarian form of distribution than is labor income.

If the initial endowment of sympathy for the farmer which sanctioned the epoch of price and income support has been badly used, as I believe it has, and if one seeks an explanation, I would find it in off-farm politics rather than in political pressure originating within agriculture. Farm political pressures have been somewhat on the side of the inevitable, their internal conflicts have had some cancellation effect, and farm pressures alone would have been an insufficient force. For concurring support, the banks, the machinery and fertilizer industries, and others similarly situated have had their motives, mostly ulterior. But the final and critical support has come from legislators and party leaders who by opportunity or obligation have become committed to supporting, not directly the farmer or his welfare, but the welfare of even more obscure abstractions--cotton, wheat, corn, rice, or particular geographic regions. Since commodities are specialized to regions and therefore to congressional districts and constituencies, the opportunities for vote-trading<sup>6/</sup> and political reciprocity are abundant. In this environment, it has not been easy for those who cared to be vigilant that the income benefits created so unspecifically should do something to alleviate poverty within agriculture; and regrettably, the motives of many politicians and office holders have been such that they did not care.

That program benefits have mostly been distributed regressively and have done little to alleviate or remedy rural poverty are not, I am sorry to say, my gloomiest conclusions. It is bad enough that income

diversions have been converted mainly into a spiral of capital gains and mortgage obligations but it is worse that a political commitment thereby comes into effect to protect and guarantee these capital gains and the banks who facilitate their realization.

In November, 1964, the National Agricultural Advisory Commission in its report, Farm Policy in the Years Ahead, proposed six goals, of which this was the second: A level of farm income enabling efficient producers to earn returns on their labor and investment comparable with returns realized on similar resources outside of agriculture. This sounds reasonable, and except to those aware of what has been happening to the distribution of farm income, it is quite innocent. However, the Commission itself apparently felt a bit doubtful, for its discussion included the observation that "computing returns on investment in land presents a difficulty, for in the long run land values themselves are considerably affected by the level of farm income." <sup>5/</sup> This sort of observation may get the attention of economists but it is not likely to have much constraining influence upon politicians.

When the Secretary of Agriculture and others of the administrative *and* party establishments say, as they do frequently, that "the country cannot afford the terrible cost of ending commodity programs" what do they mean? Are they worried about losing another half-million small farmers? Are they worried about invoking a "farm led, farm fed" depression? Are they thinking about a fearful political windfall to the rival party if commodity price programs were to be terminated, thereby putting such a squeeze on land inflation as to invite some well-publicized mortgage foreclosures? If these questions were to be put, I am quite certain that the first two, with no harm done, could and would be answered in the

affirmative; the third, not likely to be answered at all, might provoke a shudder.

In any event, I am only using this as a way of trying to say that I believe that land and mortgage owners, in becoming the principal beneficiaries of programs supposedly designed for disadvantaged working farmers, have established a most cloying political commitment. So long as it stands, this commitment is likely to be served at the expense of the rural poor and of working farmers whose primary interest in agriculture is only occupational. A further, and more specific conclusion to be drawn, is that the administrative agency most directly afflicted by such a commitment is not in good position to lead a campaign on rural poverty or to be the champion of rural renaissance.

122

Footnotes

- 1/ As in his speech to a conference of 200 farm leaders in Kansas City, Missouri, April 13, 1964. Mimeographed, U.S. Department of Agriculture. The New York Times, April 14, 1964, reports on the reception.
- 2/ Democracy in America (1899 ed.), Vol. II, p. 644.
- 3/ The Age of Reform, 1955 (Vintage ed.), p. 41.
- 4/ For further explanation, see my statement prepared for the Senate Committee on Agriculture in Congressional Record, April 1, 1965, p. A1579-A1581.
- 5/ Report, p. 10.
- 6/ A recent important example is the swapping of support in the House ~~for~~ for the repeal of section 14(b) of the Taft-Hartley Act for support of the Administration's farm bill.