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FARM POLICIES - -**A PARADOX****Gene McMurtry***

Many facets of the much discussed and maligned "farm problem" were examined in the National Advisory Commission report on Food and Fiber. This report was readable, cohesive and on the whole, quite informative. All the essentials of our dynamic and complex agriculture were touched upon. Members of the Commission represented a cross section of thinking concerning the industry of agriculture. It appears that they presented their ideas and objectives with a view toward what was good for all of agriculture. Consideration was given not only to farm numbers and sizes, but also to the human resources involved in agriculture and rural America.

Dr. Luther Tweeten interpreted this report in terms of commercial agriculture, world trade, aid and development, and rural poverty in the South.

FARMERS AS A MINORITY

The inter-dependence of agriculture and other sectors of the economy is better understood than ever before. There is also wider understanding of economic aspects of agricultural problems. Most people no longer consider the idea that overall economic prosperity depends upon agricultural prosperity. It is clear that farm policy in the future will not be as strong a political force as it has been in times past. Agriculture does not occupy the same position vis-a-vis other sectors of the economy as it once did. Today it is difficult to hear, much less feel the political potency of the farm bloc. Many of our farmers now look upon themselves as a "new minority" in the nation.

SMALL FAMILY FARMER

The plight of the small family farmer and poor people living in rural areas is not alleviated by most farm programs. The Food and Fiber Report pointed out that current farm commodity programs do little to help the small farmer. In fact, it is hard to see how

they could. Price supports and commodity programs aid those farmers who have the most products to sell, and the largest diversion payments go to those farmers with the greatest capacity to produce.

The march of technology has, in a real sense, condemned the farmer with few resources to a meager farm existence and low income. Some senators have indicated that the farm program gives out millions to people who don't need help and dribbles pittances to the rural people who really do need help. Farm programs appear to be an inefficient method of transferring help to small family farmers and the rural poor. They are an instrument for transferring monies to the large commercial and corporation farmer. The commission recognized these inconsistencies and recommended that the nation must clearly separate some of its policies. Policies such as job training, better education, and development of new industries would help rural areas but would not solve the problems of commercial farmers.

PROGRAM ALTERNATIVES

The continuing migration of rural people to the cities is a result of past and present agricultural policies. Migration reflects rural frustration and unrest, not only among small family farmers, but among all families that live in rural areas. Programs which deal with the serious problems of the poor in rural and small-town America will have an impact on the big cities. Few people see the poverty in rural areas, but the problems are just as real and just as difficult as their urban counterparts.

Economic opportunities must be made available despite the problems of population sparsity, lack of access to public services and the shortage of local non-farm job opportunities. The problem is accentuated by the erosion of local leadership and local tax bases due to continued outmigration of skilled younger people.

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Even if we can agree on what to do for the small farmer, results may depend on adequate technical and financial support of government and other institutions at federal, state, and local levels. Our probable tools include:

- (1) Programs for farmers who wish to continue to farm and have an opportunity for success.
- (2) Programs to enlarge non-farm job and business opportunities for all rural people.
- (3) Programs for the rural disadvantaged, especially the handicapped.
- (4) Programs for community betterment, particularly as they affect economic opportunities for farmers.

AGRICULTURAL BOARD

Dr. Tweeten pointed out the need for a program of commodity inventory management. Southern farmers have witnessed CCC inventory policies which they have felt have not been to their best interests. The concept of an Agricultural Board has merit and should be discussed and understood. Such a board would separate policies on strategic reserves from commodity adjustment programs and should reduce the impact of CCC decisions on farm prices.

CORPORATIONS PLOW IN

There is widespread concern among farm people over the actions and growth of corporations going into farming. Their concern is how to adjust the rules to obtain more effective competition. Meaningful discussions should include:

- Limiting size of government payments.
- Reducing the tax advantage through IRS amendments.
- Providing better price and market information.
- Basing adjustment programs on the removal of whole farms.
- Providing guidelines on corporation ownership of land and livestock.
- Farm labor legislation and collective bargaining.
- Impact of buying practices on local business.
- Direct income and other income support payments.

The Food and Fiber Commission provided only limited insight into the problems and policies of maintaining the competitive structure in agriculture. The majority of their recommendations were toward making agriculture more market oriented. Yet our commodity programs are geared to pay for the diversion of resources, usually land, with small concern over a farmer's ability to compete in the market place.

PAYMENTS GENERATE INCOMES

The big payments go to large farm owners with big allotments since the emphasis is on the land and not

on the man. Policies directed toward helping the individual compete yield to policies directed toward high returns to allotments and large land holdings. Commodity programs have been a major source of mass infusion of capital into agriculture. Income generated from government payments has become as much or more important than income derived from the market place.

Additional inputs of capital and land into these large commercial and corporation farms has meant additional production output. Additional output continues to put pressure on the market. Thus, farm prices and the farm economy may continue to be depressed for an extended period of time requiring the continued need of agricultural adjustment policies. The seriousness of a cost-price squeeze is real and apparent, and yet, the large farms have, so to speak, the U.S. government in their corner - paying out cash in commodity programs designed to cut output and support higher prices. It is estimated that since 1961 nearly \$12 billion has been spent on programs for not producing wheat and feed grains. Yet, this year's wheat crop was the highest ever and the corn crop was very close to last year's record harvest. To many of our urban friends it makes little sense to appropriate billions of dollars for trimming production of crops which grow larger and larger. They point out that most of the payments go to benefit the large farm enterprises which could probably survive without government payments.

The pressure to increase size of farm operation and to expand farm acreage is reflected in a higher land market. At the margin, the large commercial and corporation farms are obtaining returns sufficient to pay the going land price. But it is quite clear that this land price is too high for the small farmer, given his projected unit costs and income. The small farmer may actually incur losses if he pays the current land price without a substantial reorganization of his total operating unit to gain additional efficiency.

It is more than efficiency and ability to compete in the market place. It is the institutionalizing of our commodity programs that guarantees income from the U.S. Treasury to those with the most allotments and land resources. The stakes are not only millions of dollars in payments but the structure of Southern and American agriculture.

The paradoxical nature of our farm policies has brought us to a profitless abundance except for the few large commercial and corporation farms. Isn't it time to ask whether or not our policies are in effect the "captive" of agricultural commodity groups and special interests? Alternative policies for the agricultural industry and rural America should include more than options open to the commercial farm sector.

OUR URBAN FOLKS

To most of the urban population the farm problem is one blurred image after another and few are willing to try and put it into focus. Most urban people do not identify personally with any farm problem. They lack any real emotional link with agricultural programs, except perhaps programs designed to help feed the poor. These programs may be transferred from USDA to HEW. Urban people share two interests in the farm problem, that is, the price of food and the cost of tax dollars to pay for farm programs. Obviously, most city folks would like both of these reduced.

SUMMARY

Policies of many shapes and sizes have been designed to help alleviate some of the problems of agriculture. Only in recent times have these policies been viewed in light of their contribution to the human resource.

Yet, for most rural people, the end of agricultural adjustment is nowhere in sight. Farmers and rural people feel that they are misunderstood and yearn for the services of Madison Avenue in telling their side of the story. The Food and Fiber Commission provided a searching study of the effects of agricultural policies on the performance of our economy, our rural people and our foreign trade. The report provides an insight into our current policy struggles. It appears to me that the Food and Fiber Commission rendered a real service in clearing the air for consideration of legislation that will be discussed under the new Administration. This type of discussion will come about as new proposals are evaluated in light of the current act which is a one year extension of the existing legislation. The Food and Fiber Commission Report has lacked the impact that was hoped for in terms of farmer understanding. In part, the agricultural economists have lacked the kind of motivation necessary to put these thoughts together and provide policy insights for their clientele.

