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AGRICULTURAL PROGRAMS IN THE SEVENTIES: THE POLITICAL-ECONOMIC ENVIRONMENT

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I shall treat my subject, not as a Government official, which I am, but as a university professor, which I also am, on leave from Purdue University. I begin, like a professor, by defining terms.

For about forty years farm policy people have considered the term "agricultural programs" to mean programs for controlling production and price and increasing the income from our major crops. This ignores other agricultural programs like rural development, research and education, regulatory activities, environmental programs, and food distribution. In dollars spent and numbers of persons affected, these other programs bulk larger than the commodity programs. But I interpret my assignment as relating to the commodity programs.

The commodity programs last received major attention three years ago, when the Agricultural Act of 1970 was passed. That Act expires with the 1973 crop. The Congress must decide, during the present session, whether it will extend that Act, or modify it, or replace it with something quite different, or allow it to lapse. What the Congress does will set the tone for commodity programs during the "seventies".

Neither I nor anyone else can foretell with accuracy what the Congress will do. I can, however, note the things that have changed during the three years since the Congress last dealt with this issue. By observing the things that have changed it may be possible to get some clue as to how these altered forces may interact with one another, and what result they may produce.

It will be amply clear from what I say that many things have changed. I shall group these into five categories: economic considerations, the mood of the country, the shift of political power, changing personalities, and chance events.

ECONOMIC CONSIDERATIONS

The Agricultural Act of 1970 was a move in the direction of more voluntarism, greater market orientation, and greater reliance on individual decision-making. It extended a trend that began in the mid-sixties. The evidence is that farmers like this additional freedom. They participate in the programs in large numbers. There is nothing in the recent national election that can be interpreted as farmer opposition to existing commodity legislation. The flexibility of these programs has permitted us to adjust, rather successfully, to a shortfall of about 15 percent in the 1970 corn crop, and to the recent upsurge in export demand. Farm income has reached all-time records, whether measured as total or net, per farm, or per farm resident from all sources, including off-farm earnings. Some of this increase in income is because of the farm programs, some in spite of them, and some is unrelated. But in the political process these subtle distinctions are not likely to be made.

What one might conclude from all this is that the principles of the Agricultural Act of 1970 look rather good to farmers and to their representatives in the Congress. This is a change. In 1970 there was much less agreement in the Congress and in the country as to the then-existing legislation.

But the farmers and the Congress are not the only architects of agricultural policy. The Executive Branch is also concerned. And the Executive Branch is making a major effort to hold down Federal expenditures. The cost of commodity programs for the 1972 crop was about \$3.6 billion. About half of this was for resource adjustment; the other half was for income supplement. The majority of this income supplement went, undeniably, to those farm people

whose incomes were already far above the farm and nonfarm average. With farm income earned in the market strong as it is now, and with a major drive to cut government costs, the income supplement component of the commodity programs is certain to come in for a hard look. This is a change from three years ago, when farm income supplements were looked on by the Executive Branch with more favor.

THE MOOD OF THE COUNTRY

The mood of the country, as it is related to commodity programs, has changed since 1970. For one thing, there is greater concern about inflation, and there is an existing program intended to suppress it. Raw agricultural products are exempt from the price control program. Contrary to public opinion, the reason for this exemption is economic, not political; controls won't work. If the decision had been based on political considerations, it would have gone the other way.

During the year that Phase II of the control program has been in operation, price increases have been as follows:

Raw agricultural products	+13.0 percent
Retail food	+ 5.4 percent
Consumer price index	+ 3.5 percent
Objectives of the Economic Stabilization Program	+ 2 to 3 percent

The Price Commission reports that 25 percent of the letters of complaint received by that agency have to do with the rising price of food, the largest single category of complaint.

Secretary Butz has repeatedly pointed out that the American housewife enjoys the most wholesome, most nutritious, and most convenient food supply in the world, and that she buys her food with the lowest percentage of the family budget ever in history, here or elsewhere. This is an undeniable fact. But this fact is largely lost on the public. The public believes that farm programs have the effect of reducing the supply of farm products and raising their price, which is indeed their intent. The public believes that higher farm prices mean higher food prices, which is also a fact. The harrassed officials who run the Economic Stabilization Program are saying to themselves that if it is not possible for the Government to hold food prices down, the Government might at least stop trying to push them up. Certainly this is what they hear from the public. This is a change since 1970, and a big one.

Another change since 1970 is what is called the consumer movement. We have long thought of ourselves with respect to what we produce -- farm products, manufactured goods or services. We have organized ourselves with respect to our interest as

producers -- farm organizations, trade associations, labor unions, and so on. We have set up our government along these same lines: The Department of Agriculture, the Department of Commerce, the Department of Labor. Even our universities, with their research and education, have a large measure of producer orientation. There is a strong element of advocacy on the part of all these agencies for their respective constituencies.

But we are not all producers; we are also consumers. In fact, we produce in order that we might consume. This fundamental fact, long known to primitive people but lost sight of in our complex exchange economy, has been rediscovered by consumer advocates. They look on the efforts of labor groups, farm organizations and trade associations to win special benefits for themselves as a kind of zero-sum game, which it is. Why do we, as producers, conspire against our consumer selves?

The consumer movement attacks our traditional notions about who should control the policy agenda. Therefore, practically all established groups, including farmers, resent the consumer movement. But the consumer movement really does no more than claim, in behalf of consumers, the same type of advocacy that producers of all kinds have long enjoyed.

True, the consumer movement is often based on wrong information, follows poor leadership, and advocates wrong causes. In this it is not unique; the same could be said of many producer movements.

I do not intend to make the case for the consumer movement. I do wish to make clear my belief that this is a force with which to be reckoned. I think of experiences we have had in the Department of Agriculture these recent years, dealing with causes supported by consumer groups: meat inspection, the amount of fat in hot dogs, tobacco advertising, food additives, nutritional programs, food stamps, and the controversy over food prices. Producer-oriented people in the USDA have not won many victories. The consumer movement has grown in strength during recent years, and has little sympathy for commodity programs. This is a change from a few years past, and has portent for the coming debate on commodity legislation.

To summarize the mood of the country, I quote from a survey by Louis Harris taken during late December of 1972 in an effort to learn public attitudes toward Government spending. This question was asked:

"If you had to choose, would you rather see increased spending (read list) or no further increase in this area by the Federal Government?"

Inquiries were made regarding eight areas of spending including pollution control, education, aid to the poor, help for local governments, highways, defense, farm subsidies, and welfare. Farm subsidies and welfare were together at the bottom of the list. For each, 22 percent favored increased spending, 69 percent opposed any increase, and 9 percent were not sure.

THE SHIFT OF POLITICAL POWER

An important consideration in assessing the prospect for commodity programs is agriculture's political power. Farm people now constitute only about four and a half percent of the country's population. Our farm population appears, on a chart, to be asymptotically approaching the base line.

When our commodity programs were first put on the books forty years ago, well over 150 members of the House of Representatives came from "farm districts," that is, districts that had at least 20 percent of their population on farms. The 93rd Congress, now sitting, has only 14 of its members from comparable farm districts, about one-tenth as many as when these programs began. The 1973 session of the Congress will have 118 new members who were not in that body when it passed the Act of 1970. Seventy-seven of the present Congressional Districts have no farm population at all.

The farm constituency of the Senate has dwindled. North Dakota is the most agricultural State in the Union in that, of all the fifty States, its farm population is the highest percentage of the State total. That proportion, in 1970, was only 25 percent. Forty years ago it was 58 percent. Nine Senators who voted for the Agricultural Act of 1970 have left office. All who opposed it will be back.

Some people say that as the farm population declines it will be easier for the Government to subsidize each farm. It is argued that the United States, with less than 5 percent of its people on farms, can afford expensive farm programs while a country like New Zealand, with 12 percent of its people on farms, cannot. By this reasoning, the smaller the farm population, the easier it would be to obtain favorable legislation. There may be some truth to this, *so long as the farm people enjoy the good will of the public*. Farm program benefits are either obtained by the exercise of political power or are conferred as a benefit by a favorably disposed public. It is clear that agriculture's political power is waning. What is happening to the public attitude toward farmers is not so clear. From the evidence available to me I would say that the public attitude toward farmers continues to be basically favorable. Such displeasure as there is appears to be focused very

sharply on those few superlarge farming operations that receive large Government payments.

When commodity programs were originally passed, forty years ago, agriculture was considered unique, a way of life, a way of producing good people as well as good crops and livestock. It was therefore considered uniquely deserving of Government favor. As agriculture becomes more businesslike it loses its uniqueness and enters the main stream of economic life. The case for special Government benefits is harder to make.

As agriculture's political strength declines, it becomes relatively more important to retain the good will of the public. In obtaining legislative benefits, a powerful group perhaps need not be much concerned about public attitudes; to a weak group the good will of the public is vital. It sometimes happens that one acquires, while he is powerful, attitudes and habits that outlive their time.

Such political strength as agriculture still has is divided. The general farm organizations have basically different ideological views regarding commodity programs. The general farm organizations were not a decisive force in the passage of the Agricultural Act of 1970. There was an effort, largely unsuccessful, to achieve some kind of unified stand. The largest of the farm organizations took little part in the legislative battle. Whether the general farm organizations will resolve some of their differences in 1973 remains to be seen.

The specialized commodity organizations were very active in 1970 and undoubtedly will be again this year. By strong advocacy of their particular interests and by helping one another they can be quite influential.

As agriculture's political strength declines there is a natural inclination to find allies. But whom will agriculture find for an ally? Labor? Labor is interested in high wages and low food prices, exactly the opposite of agriculture's interest. The business community? These people want to buy farm products at a low cost and sell farm supplies at a high price. None of the potential allies looks very congenial. Some are very powerful, and farmers are aware of the dangers inherent in becoming the junior partner of a powerful ally.

CHANGING PERSONALITIES

The cast of characters for drafting and enacting the 1973 farm bill is changed. A number of leading figures have departed. Secretary of Agriculture Hardin is replaced by Secretary Butz. Senator Ellender, who chaired the Senate Agriculture Committee in 1970, is replaced by Senator Talmadge. Senator Curtis will replace Senator Miller as ranking

minority member of the Senate Committee on Agriculture and Forestry. Congressman Teague will replace Congressman Belcher as the ranking minority member of the House Agriculture Committee. Leadership of the American Farm Bureau Federation has passed from the hands of Charles Shuman to Bill Kuhfuss. In the Office of Management and Budget, top personnel is much changed. The new man, Roy Ash, has no track record on agricultural policy. George Shultz, who has a strong economic role in behalf of the President, will be involved. Each of these men differs in thought and style from his predecessor. Some new agencies will be involved. The Cost of Living Council, an agency not in existence three years ago, will be concerned. And the second-term President may differ considerably from the first-term President, in agriculture as well as in other matters.

Most of the farm program stalwarts in Congress are men whose basic views took shape during disastrous years of the nineteen-thirties, when commodity programs saved a great many farm people from disaster. With the passage of time these people grew fewer in number.

CHANCE EVENTS

Farm legislation in 1973 will be debated concurrently with a large number of related and unrelated issues:

1. The President's curb on spending.
2. The Executive and the Congressional roles with respect to the military.
3. The right of the Executive Branch to withhold information from the Congress.
4. Trade legislation.

All of these involve the likelihood of confrontation between the Executive and Legislative Branches.

We are inclined to analyze a legislative undertaking with reference to its own terms, isolating it from other pieces of legislation. This is what I have thus far been doing. But the evidence is that many times a given bill gets caught in cross-currents involving other bills. What happens may be as unpredictable as the way a football will bounce. Some issues to be debated in the upcoming session of Congress will be of immense importance, and may have fall-out, good or bad, for a farm bill. It promises to be an interesting year.

IMPLICATIONS

Is it possible to quantify the changed forces I have mentioned, to assign pluses and minuses to them, to compute their algebraic sum, and to predict the form of farm legislation that will emerge? I do

not profess the ability to do so. But I do believe some generalizations are possible.

1. The need for commodity programs continues. This is a different matter from an appraisal of their inherent merit. The proceeds from these programs have been built into land values, mortgaged indebtedness, living levels, tax rates, community services and expectations. To terminate these programs abruptly would constitute economic disaster for many farm people.
2. The political power of farm interests is waning.
3. The need for public support of farm interests is increasing.
4. It is therefore in the interest of the farm groups to modify commodity programs so as to increase their merit and win the public approval necessary for their continuance.
5. The year 1973 is a propitious year for modification of farm programs. Farm markets are strong, farm incomes are up, export prospects are reasonably good for the foreseeable future, and the general form of present legislation is well-received by farmers. The Act can readily be modified so as to increase its effectiveness in resource adjustment and can be made more acceptable to the general public.

OTHER RURAL PROGRAMS

We economists should not become so preoccupied with this fascinating subject that we fail to consider other agricultural programs of growing importance. We should not devote so much of our intellect to programs related to **COMMODITIES** that we overlook programs which focus on **PEOPLE** and on **RESOURCES**. Some of us have acquired a degree of skill in working with commodity programs. This skill may be on the way of becoming technologically obsolete. We farm policy people may have to become more competent in rural development, land use, ecology, farm bargaining, and the question of who will control agriculture.

Text books on farm policy written during the past generation dealt almost wholly with commodity programs. Text books written for the future will have to treat new subjects.

Farm policy agenda is changing. Nonfarm people are insisting on having a role in shaping the farm policy agenda, and have the power to make that demand effective. We farm-oriented people, who have

long shaped the issues, have lost the initiative and are now on the defensive.

As I watched all those football bowl games last year, the main question was which team had the ball. It looks to me as if, with respect to commodity programs, the other team has the ball. We'll be

playing defense during the 'seventies. That's not all bad. By playing good defense you can protect a lead, or you may be able to get the ball back. There is one thing worse than losing the ball; that is to lose the ball and think you've still got it.

