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PROCEEDINGS
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MONTANA STATE COLLEGE
Bozeman, Montana

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(Western Farm Economics Association, Bozeman, Mont. July 6, 1938.)

Expressions of views regarding the position of agricultural economists in matters relating to agricultural policy are not uniformly reassuring or comforting. Some look upon us as special pleaders for the farmer. One writer⁽¹⁾ has stated that view as follows: "The Department (of Agriculture) supports a great bureau of agricultural economics, and in all the states there are subsidized agricultural colleges also maintaining departments of agricultural economics. No other class in the population is so amply provided at public expense with the machinery and trained personnel for carrying forward its special pleading." (Underscoring is mine.) There are others who believe that agricultural economists are afraid to speak their minds on all phases of various programs because their institutions frown upon the practice.

It is not my function to attempt to speak for you as far as your views on this matter are concerned. Speaking for myself, however, I protest vehemently against classification in the category of special pleader. That is not the true function of agricultural economists. Nor does the observation with respect to institutional attitude apply to my university and if it applies to any institution represented here I hope it is the exceptional case and not the rule.

Academic freedom in education is not a scheme designed merely for the comfort and convenience of staff members. Its deeper purpose is to protect and encourage the finding of facts, the application of analysis and reasoning, and the dissemination of the results. How can we be true to that trust if we allow ourselves to become special pleaders? An educator or researcher who assumes the role of special pleader has missed his calling. His

(1) Ayres, Leonard P., "The Economics of Recovery," p. 79.

job soon degenerates into efforts to justify whatever means may be employed to attain the desired end without much, if any, careful examination of the real desirability of the objective or of the soundness of the means.

Understand, I have no axe to grind with respect to special pleaders as such. They serve a useful purpose in bringing to the attention of the public various viewpoints. My point is merely that I do not regard such activity as the proper function of agricultural economists in educational and research institutions. It is my opinion that we can serve both the farmer and the general public much more effectively by sticking to our last.

As implied by these prefatory remarks, it is my belief that we should examine carefully into various agricultural programs and policies rather than merely to accept them on faith. A program may have the most laudable objectives and still fall far short of the ideal in the means employed for their attainment. A given program may serve a very useful purpose as a form of attack upon an emergency or short-run situation but produce an entirely different set of results if followed permanently. Human beings are strange and wondrous creations. Apparently, there are no exact duplicates. We are not all constructed alike and our views differ. It is not to be expected, nor do I think it desirable, for all of us to see eye to eye on all questions relating to agricultural policy. The problems are not of the simple arithmetic type, $2 + 2 = 4$. However, as far as the fundamental principles are concerned I am sure we are much closer to unanimous agreement than suggested by quips one encounters in popular conversations.

All of us are keenly concerned with agricultural policy as manifested by current agricultural programs. Let us, therefore, direct our attention to some of the questions relating thereto. The major objective of current agricultural programs is that of improving the income of farmers. Main reliance for its attainment rests in efforts to raise prices of farm products rather

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than in a lowering of costs. The convenient target which has been set up is that of price parity or parity income.

Set up legislatively the concept of parity price has the advantage of being susceptible of measurement. But that very element of concreteness tends to lead to its blind acceptance. There is room for wide differences of opinion with respect to the choice of a proper base period. Moreover, while not at all generally appreciated, parity prices enforced over a period of time would introduce rigidities into our price structure which would make present "sticky" prices appear as merely a plaything in comparison. Automobiles supply an excellent illustration of a weakness of the parity price concept. What would cars have to sell for today, especially if quality improvements were considered, in order to bring them back to 1910-14 relationships to other commodities? Restoration of such a relationship might be a fine way to get us "back on our feet" literally but I suspect most of us prefer to rest our foot on the accelerator to pounding it on the pavement. It undoubtedly would solve the problem of parking on our campuses. Permanent price parity assumes two things. One, that price relationships in some past period were ideal; two, that the efficiencies of production for different products change at a uniform rate. Neither of these is true. Worshippers at the shrine of parity price ought to understand its limitations better.

Nor does shifting the objective to the less tangible idea of parity income solve the problem. It is more realistic in that it acknowledges that price is not the only factor in income. However, it is more difficult to measure specifically and is therefore less acceptable as an objective in a legislated program. Problems arise as to how the parity income shall be determined. Shall the large numbers of farm people who really are not engaged actively in commercial farming be included? If so, shall the unemployed and the people on various low-income type of urban activity be included? Dollar income is one

thing, real income is another. What consideration shall be given food, fuel, housing, security of employment and the like? Shall parity income be sought for all persons engaged in agriculture regardless of whether they are needed or shall it be only for the number needed to supply available markets? Such questions are not carping criticisms. They go to the very fundamentals of our agricultural policy and their careful examination is essential to the development of satisfactory programs of action.

The invalidation of the original adjustment program by the Supreme Court decision early in 1936 led to a quick shift to the soil conservation and domestic allotment act. Temporarily, soil conservation has supplied a convenient medium for bringing about some adjustment in acres of certain staple market and feed crops. However, for a longer-run program there is need for some careful analysis of the appropriate place of soil conservation in the picture. It is not necessary to point out to this audience that there are aspects of soil conservation which are of public concern. Wind and water erosion may affect not merely the interests of the present occupier of the land but also those of persons and regions far removed from where the erosion takes place and of future generations. Questions of the amount and kind of erosion taking place and of the methods and expenditures justified in its control should supply the basis for developing programs to deal with it. Production adjustment and soil conservation are not in fact as intimately related as apparently assumed in current programs. The ~~extent~~ to which a given crop depletes the soil is determined by other factors than its relative abundance on the market. An adjustment program seeks to apply itself on farms generally in order to attain its objective. Attacks upon soil conservation, on the other hand, need to be adapted to the conditions existing on given farms and fields. The one is general, the other should be selective.

It will be desirable also to distinguish between public responsibility

and that of the individual farmer. The right to use the soil should not be regarded as license to misuse it. Another point needing clarification is that relating to the distinction between control of soil erosion and the maintenance of fertility. The two are related but not synonymous. Maintenance of soil fertility in the main ought to be the responsibility of the farmer himself. If public funds are to be used in building up soil fertility the justification presumably would be that yields will be increased and efficiency of production thereby improved. The gain then should show up in lowered prices to the consumer. However, the expressed objective of the present program is to raise prices rather than to bring about situations where lower prices will be acceptable.

If public funds are going to be spent for soil conservation, the public has a right to expect and demand results in that field. The use of soil conservation as a cloak for disguising subsidy payments to increase the income of farmers is open to serious question. If such subsidies are to be a part of public policy they ought to be made openly so that they will be considered on their own merits. Possible unfavorable effects on real soil erosion control programs of continuing the present dependence of adjustment on conservation should be foreseen before serious damage occurs.

Inadequacy of the soil conservation program as a means of holding production in check led to the consideration of more specific means of control. The unusual and extensive drouths which this country has experienced in several years recently focused attention on variations in output. This paved the way for popularizing the so-called "over-normal" granary. It has been broadly described as protection to producers against market-depressing supplies and to consumers against shortages. The idea has been oversold in that inadequate attention has been given to its limitations. Drawing comparisons with the scriptural story of Joseph and his storage operations appeals to the imagination. The benefit to the producer must lie in its effectiveness in raising income. Prices should be

raised by taking supplies off the market in periods of excess production. However, net benefits involve not only consideration of this type of effect but also of the effect on prices when the out movement takes place together with the costs of carrying. The point perhaps will be made that when linked up with an adjustment program, subsequent production can be adjusted so that the supplies can be moved without a lowering of price. That point assumes that such curtailment is costless.

Adjustment of surpluses due to unusually favorable production conditions by carryover of the excess is one thing. Attempting to use the "ever-normal granary" for recurring surpluses due to an overexpanded agriculture is quite another. The problem before us is of the latter type rather than the former. The plan is not adaptable to all products to the same degree. Some products are perishable and cannot be stored indefinitely. In the case of a product such as cotton, where the United States is a major factor in the world supply, the plan may place too much of the burden of making supply adjustments upon this country with sharing of benefits by other countries. Astute handling will be needed if it is not going to reduce our share in the world market. If we are to remain on an export basis for wheat, our price of the classes and grades involved will continue to be determined in world markets and such adjustments as we may make in the supplies we put on the market may produce effects which are not commensurate with costs to us. Wheat also illustrates another complicating factor. Here is a product made up of a variety of classes and grades and the surplus situation varies for different classes. They cannot all be satisfactorily lumped under one head and given stereotyped treatment.

Evening out supplies of feed grains should have some influence in reducing variations in livestock numbers although the regularity of the hog and beef cycles indicates that feed supply is not the only force at work, so

too much should not be expected from this. Regularizing supplies of feed grains involves a feature differing somewhat from that of market crops. If costs are not to become excessive, extensive shipment of supplies from one point to another will have to be avoided. The amount to be stored will need to be adjusted consequently in accordance with local supplies and variations in production locally.

The late Professor G. F. Warren in the pithy style for which he was noted, once characterized the "over-normal granary" as being "easy to fill but hard to empty." As this observation suggests, there may be more support for moving supplies into storage than for taking them out. The Farm Board had some experience on this point. Were crop failure uniformly distributed among farmers this pressure might not be so great. Regions which have good crops in years of shortage naturally will prefer reaping the full advantage of the higher prices, than to see supplies augmented from the "over-normal granary." Nor is assurance any too great that production curtailment will be easy after the granary overflows. If a drastic acreage cut is imposed, political pressure may result in easing of restrictions.

The benefits to the consumer are easily exaggerated. Actual shortage to the point of want is unlikely in a country as large as the United States. A world crop failure is still more remote. If our concern for the consumer is more than mere window dressing, do we not need to realize that by lifting trade restrictions we can draw upon world supplies? Besides, the protection afforded is only partial because it cannot be applied to products generally. In addition, the consumers will share in the costs of the scheme.

The role of commodity loans and parity payments included in the present program should have careful attention. The present act not only authorizes loans but prescribes the amounts to be loaned on certain crops under specified situations. Loans in excess of current market prices, even though

made only when prices are low, are far from riskless. In substance they become a conditional sale to the government which the farmer may recall if the market goes above the loan value. Such loans represent added inducement for farmers to cooperate in the adjustment parts of the program in order to be eligible to take advantage of them. Beyond that they will tend to become a peg for prices. It may not be easy for the administration to avoid accumulations of supplies as a result of these loans. In the case of crops which normally are exported, such pegging will interfere with sale abroad at the lower world price. That aspect of the problem deserves more consideration than it has received.

The present act provides for parity payments on the included commodities "if and when" funds are made available for that purpose. A subsequent act has appropriated funds for partial payments. How generally is it recognized that such payments will in effect amount to fixing of prices as far as the recipients are concerned? Perhaps the country wants to embark on a program of guaranteed prices to farmers. That is one thing. To do so without recognition of the nature of the steps being taken is quite another. The country in the past has shied from price fixing and I discover no reason for believing that sentiment has changed. Not all of the results of such a venture will be happy and this is certainly one place where there ought to be careful looking before there is much leaping.

With the world as touchy as it is today in matters of international trade, the possibility that parity payments to producers of products which are exported may be viewed as creating a situation of export dumping should be kept in mind. If they should be so regarded, our efforts at trade recovery may receive a serious set back.

How generally is it recognized that our efforts at price raising lead us further in the direction of economic nationalism? Efforts to

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raise prices within this country without relation to the level of prices existing elsewhere, if successful, soon call for additional protection against outside influences. The dilemma the country finds itself in is that agriculture is in a state of expansion which calls for the continuance and recapture of a foreign market of sizeable proportions if drastic curtailment is not going to be forced on us. Some object to both production curtailment and efforts to restore foreign markets. They clearly are not very realistic. But are the people who think we can maintain an arbitrary level of prices here at home and still sell freely to the world, any more realistic?

Quite a bit of the attention of existing legislation centers on a relatively small group of staple crops. Will this be adequate for a control program over a period of time or will it be necessary to extend efforts to all lines if programs are to continue? Not all groups or regions are equally "sold" on the program at present. They are not all affected in the same manner. Dairy leaders call attention to the possibility that payments to encourage farmers to grow grass and legumes may turn out to be a subsidy for farmers to enter or expand dairying. A popular answer intended to quiet these fears is that if other lines are given satisfactory prices they will not shift their production. For example, it is pointed out that cotton farmers have tended to shift to other lines when cotton prices have been low, not when they have been high. The argument is not convincing. What cotton farmers may do when left free to produce cotton on as many acres as they will, does not indicate what they will do when there are limits put upon cotton acreage. Efforts to improve some aspects of the agricultural situation may have unexpected repercussions elsewhere. No end is served by making the problems of agricultural adjustment appear simple and easy. They are complicated and the correct answers are not all in the back of the book.

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Just where our agricultural adjustment program is taking us is none too clear at the present time. Are we going to move in the direction of more control over agriculture? The trend towards subsidy would seem to so indicate. If farmers are to be subsidized liberally it naturally follows that they must accept controls to protect the public against unlimited drains on the treasury. One difficulty with subsidies is that once such a program is entered upon, vested rights are created and it is not easy to withdraw them.

Discussions of economic planning have occupied a prominent place in recent years. Planning which represents the will of a dictatorship is one thing. In a democracy, planning must stay rather close to the will and the understanding of the public. Are the leaders themselves any too clear about where we ought to go with our agriculture? Is it not important for this country to give some time and attention to fundamental problems and not be wrapped up solely in working out details of current programs? Is our agriculture likely to be overexpanded for future markets? If not, cannot the pricing forces operating through the markets be relied upon to yield the farmers their share of the national income? If it is overexpanded, shall we build up the incomes of all persons now dependent upon agriculture regardless of whether they are all needed in this line or shall we endeavor to keep the way open for shifts into lines where there may be more need for their services over the longer run? Can we employ a subsidy in such a way that it will encourage rather than hinder occupational shifts? A subsidy which retains agriculture in a state of overexpansion will not add permanently to the average per capita income of those dependent upon this industry and will represent an added burden to society of which the farmers are a part.

If increased incomes are provided for farmers over the longer run, how much of it will be used for the "more abundant life" and to what

extent will it lead to increased land values which will benefit only the man who holds title while the rise takes place? In this connection mention might be made of the lowered interest rates on farm mortgage loans of the Farm Credit Administration. Here is a public subsidy granted not to all farmers but to a certain group of farm borrowers without any distinction as to whether or not they are in need. It serves to lessen the short-run debt load of the farmers it reaches and probably enables some to carry on who otherwise would have to go under. To that extent, it may be said to have a laudable objective. But, if continued, the probable result is that it will have to be extended to farm borrowers generally and that the lower rate will be capitalized into higher land values rather than result in a smaller debt load permanently. Thus far, the policy has represented a response to the interests of the individuals concerned rather than being developed on the basis of long-run public interest. Which will be the major consideration in the long run depends upon public interest and understanding.

Another aspect of agricultural policy is suggested by the references to "disadvantaged classes" which occurs rather frequently in current discussions. It is well that concern is being shown for the welfare of the underprivileged, particularly if it leads to improvement of their effectiveness as producers and thereby enables them to climb out of that classification. However, is sufficient consideration being given to the effect of the inclusion of a considerable number of "disadvantaged farmers" in arriving at farm income and parity income figures? After all, most of the market supplies of farm products come from a rather small proportion of the total farm population. Should we not consider their income status separately from that of the so-called "disadvantaged groups?" Increases in income from price enhancement will accrue more particularly to commercial farmers than to those who are largely self-sufficient.

The present tendency is to display sentiment favorable to the "family farm" without any very definite concept of what such a farm is. Practically all farms in this country are family farms. If payments for soil conservation or for production adjustments are actually for those purposes rather than merely subsidies to add to farm incomes, it is difficult to see any real reason for placing small units in a different class from those whose ownership may happen to be concentrated in relatively large holders. Accepting the payments as subsidies to raise income, is it good policy to favor the very small farm? One important aim in any agricultural program should be that of encouraging efficient and economic production. Many of our farm units are too small from this standpoint and any program of subsidy ought to aim at remedying this condition rather than to encourage its continuance. If loss of markets necessitates permanent curtailment of production, it may be achieved in part by "low pressure," that is less intensive, farming. But if such a change is to take place, the acreage in many farm units needs to be increased in order that land may be farmed more extensively without sacrificing on net returns to the operator.

The nation has become aroused over problems of tenancy and is disposed to do something about it. Here again is another place where, if I may borrow an expression from Dr. Joseph S. Davis, "hard, cool heads must balance warm, soft hearts." No single attack such as that of subsidizing all tenants to enable them to become owners will solve the problem. It calls for a variety of improvements adapted to the problem in each situation.

The preceding discussion has exhausted the time available without exhausting the supply of subjects which deserve to be included. As a concluding thought may I give expression to the feeling that consideration of programs and policies often is too superficial. For example, emphasis in agricultural, labor and industrial programs has been placed largely on

price and wage maintenance and raising. The reason for that is easily understood. However, does it not need to be impressed upon the country that income is dependent upon production as well as on price? Price is a factor in determining upon the distribution of the results. Cutting the pie a different way may increase the portions going to some by decreasing the size of the portions of others. Improvements in the way the national income is distributed undoubtedly are possible. Let us not forget, however, that the only way the portions of all can be increased is by increasing the size of the pie, that is by producing more instead of less. Improvement in the agricultural situation continues to depend to an important extent upon a recovery of activity in other lines.

There is too much justification of one policy by another. Rather than accept one form of subsidy as justification for another we ought to examine critically the justification for some of the subsidies which have been established. A satisfactory economic policy for the nation cannot be arrived at through working out programs and policies for different lines and problems in water-tight compartments.

May I conclude with a brief observation on one more angle of this general subject. There is much talk of economic democracy and democratic processes. I am not at all sure that all of this talk is based upon an understanding of what democratic procedure really involves. True democracy requires intelligent understanding of and participation in programs by the rank and file rather than blind acceptance of slogans and unthinking following of leadership. To arrive at understanding we need more discussion of fundamentals, more questioning, more reasoning and thinking. Pressure groups are in evidence. Unfortunately their efforts are often shortsighted and overlook general welfare. Nor are they always representative of the best interests of those which they claim to represent. They become so intent on

a special part of the economic picture that they overlook other parts of equal or greater importance. Economic plans should be tested by their appeal to our intelligence rather than to our emotions. As I conceive the function of educational agencies, it is not that of doing the thinking for the people but that of aiding them in getting information and in studying various angles of problems in order to arrive at intelligent conclusions. If the people do not do their own thinking, they will discover that there are those perfectly willing to do it for them and then to dictate how the people shall act. That is not democracy.

DISCUSSION OF DR. O. B. JESNESS' PAPER
 "SOME FUNDAMENTALS OF AGRICULTURAL POLICY"¹

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Current agricultural programs not only are inadequate to promote satisfactorily both agricultural and general welfare but also they impede such welfare, according to the discussion on "Some Fundamentals of Agricultural Policy" just given by Doctor Jesness. He has made an evaluation of "agricultural policy as manifested by current agricultural programs." This he has done by examining a dozen important questions relating to these programs. He has done a scholarly piece of work and one which should cause both agricultural economists and others to pause and think. It is refreshing, indeed, to have such a frank and candid presentation of views after one has been flooded with so-called information, which is really propaganda, issued to advance and support all sorts of programs, ideas, and illusions.

I am in general agreement with the views and conclusions presented by Doctor Jesness. His further views on the subject would be enlightening and stimulating. I believe that agricultural economists and others engaged in agricultural work may study with profit the views on agricultural policy he has just presented. Because of the limited time available, I shall confine my comments mainly to a consideration of the goal of agricultural policy and the attitude of agricultural economists toward agricultural policy.

First, I wish to comment briefly on the "over-normal granary" plan. Doctor Jesness calls attention to the over-normal granary plan as a method that the government is using to adjust market supplies of farm products. The objectives of such a plan are reported to be to enhance farm income by temporarily removing price-depressing surpluses from the market and to insure consumers a stable food supply. The assumption is that the surpluses of large crops will compensate for the deficiencies of small crops. Doctor Jesness suggests that for certain crops our agriculture is overexpanded to the point where the number of large crops may far exceed the number of small crops and thus cause a breakdown of the granary plan. Surpluses, not deficiencies, have been the rule. Even though American agriculture were so adjusted that large crops would balance short crops over a long period of years, the plan might break down not only because of differences in types of crops, such as wheat, to which situation Doctor Jesness has called attention, but also because of the geographic location of these supplies. For example, the Pacific Northwest for many years has produced a surplus

¹ Read at the Eleventh Annual Meeting of the Western Farm Economics Association, Montana State College, Bozeman, Montana, July 6-8, 1938.

of wheat above local requirements. Regionally speaking, the Pacific Northwest never has a failure of the wheat crop. In most years, it has a surplus of more than 50 million bushels, or about one-half the crop. The surplus wheat above local needs usually consists of soft wheat, but often it includes hard wheat. Regionally considered, the plan has no practical place in the Pacific Northwest. It is questionable if other areas at a comparative disadvantage in producing wheat would be willing to reduce their wheat production and accept Pacific Northwest wheat in either years of large or small domestic crops. The granary plan assumes control of the factors of production, but can the weather be controlled or estimated accurately?

I am especially intrigued with Doctor Jesness' comments concerning the size and distribution of the "economic pie" or national income. He states "..... that income is dependent upon production as well as on price. Price is a factor in determining the distribution of the results. Cutting a pie a different way may increase the portions going to some but decreases the size of the portions of others." He states further that "the only way the portions of all can be increased is by increasing the size of the pie, that is by producing more instead of less."¹ This strikes at the very core of agricultural policy. It raises the question of what the goal of agricultural policy should be. That is to say, should the goal be the maximization of agricultural welfare even at the expense of general welfare, or should it be the maximization of general welfare including agricultural welfare?

If agriculture were functioning in an ideal economy where industries and the people engaged in them were properly proportioned as to type, size, numbers, and location, the happy achievement of the maximization of both might well be realized in the long run. However, our economy is far from ideal and agriculture finds itself in a position of having to function in the midst of a more-or-less monopolistic business economy. For present agriculture, a yet highly competitive industry, to receive, unaided, incomes in proportion to its contribution to the total national income is difficult, if not impossible, under the present circumstances.

This suggests two courses of action that agriculture might take. The first is to seek to break down the monopolistic economy in which it is situated in favor of one characterized by free competition. The second is to adopt protective practices similar to those used by its monopolistic neighbors. Monopoly has grown over a long period of years, and those enjoying its benefits can be expected to resist with tenacious vigor any attempts to destroy their monopoly benefits. In other words, agriculture cannot improve to any appreciable extent its position in the short run by expecting to break down monopoly. This would seem to justify for the short run the action of agriculture in adopting defense measures to improve its position. Nevertheless,

¹ Underlining is mine.

agriculture should be willing and stand ready to cooperate with other industries in producing an ever-increasing supply of goods and services and thereby increase the national income, thus serving to maximize general welfare.

Although there has been no general overproduction in this country, there has often been, relative to other things, overproduction in some years of certain products such as wheat, apples, and potatoes. Where the farmer is unable to obtain enough to pay the freight and other marketing costs, the reduction of the supplies of such crops should be beneficial to those engaged in agriculture and yet not be harmful to others. It seems that the present agricultural plant is overexpanded in numerous lines relative to the functioning of our present economic society, and that some shifts from those lines into non-agricultural endeavors are necessary not only to promote agricultural welfare but to promote general welfare as well. Thus, as Doctor Jesness has pointed out, the subsidization of an overexpanded agriculture is not conducive to the best long-time interests of the country. Short-time benefits are likely to be exceeded by the long-time costs. This would suggest that many of the factors of production devoted to agriculture be transferred to other lines of endeavor and that more attention be given to assist this transfer away from agriculture and into industrial, commercial, and other pursuits. This will require a change in both the closed-industry policies of many industries and the closed-shop policies of organized labor so that freer competition and greater production in such lines will follow. Although such a move may require a long time to be completed, greater efforts should be made in that direction.

This calls for a consideration of how agriculture and industry are to be conducted in the best interests of public welfare. That is to say, to what extent should they operate as monopolies or as freely competing enterprises, and to what extent should each be controlled or operated by public authority? If the general rule should be that they operate as monopolies, there is no valid reason why agriculture should remain under a system of free competition. For the benefit of general society they should both operate under a system of free enterprise except for types like public utilities. If they operate as monopolies and follow the usual monopolistic practices of restricting output further and further so as to increase their bargaining positions and raise prices, less and less goods and services will be produced, with the ultimate consequence that chaos and the suicide of our economy will result. If only part of our enterprises, such as our industrial and commercial ones, operate as monopolies or semi-monopolies but other enterprises such as agriculture operate as free enterprises, then our economy will prevail perhaps much as now constituted, but it will mean that those operating as free enterprises will be constantly exploited, and probably at an increasing rate, by the monopolistic classes. As a result we may find factory workers on a four-hour day and farmers on a 16-hour day. If all types of enterprises operate under conditions of free competition and be perfectly adjusted to each other, then an abundance of goods and services of all types should result and the economic welfare of all should be maximized.

An economy consisting of a relatively small number of large enterprises should lend itself better to public control than an economy having a large number of relatively small units. But past experience in regulating monopolies in the interests of public welfare has not been altogether successful. A system of free enterprise would declare that private individuals manage their own businesses with the minimum of governmental regulation and control. Regulation, however, should provide for the best long-time utilization of irreplaceable natural resources such as the soil. Since it appears that our welfare would be served best by a system of free enterprise, it would follow that control be largely in the hands of private individuals. It is recognized, however, that the public would be served best in the case of utilities and enterprises of a similar nature by having them controlled or regulated by public authority.

Finally, what should be the attitude of agricultural economists toward agricultural policy? Should they play the rôle of "special pleaders" for agriculture, which Doctor Jesness questions, or should they seek to promote the welfare of all? In my opinion, agricultural economists not only should examine carefully problems dealing with agriculture but also should become familiar with non-agricultural problems so as better to understand the relationships between them and then to present fearlessly their findings in the best interests of agriculture, other industries, and the general public. Those who blindly accept every slogan, plan, or program that is handed down to them and then proceed to advance them regardless of consequence are not true economists. Perhaps such people, who have appeared in large numbers in recent years, should be classified as pseudo-economists.

Although agricultural economists should consider the general welfare as well as agricultural welfare, can they be expected to advocate that farmers promote the general welfare at their own expense? For example, should Montana agricultural economists advocate the removal of the tariff on wool? Nevertheless, if agricultural economists perform their duties well, it should result in more "economic pie" for all of us.

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DISCUSSION OF PROFESSOR O. B. JESNESS' PAPER ON
"SOME FUNDAMENTALS OF AGRICULTURAL POLICY"

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Professor Jesness' paper is so in accord with my views that I cannot offer much in the way of constructive criticism. I would like to elaborate on a few points raised in his paper. "Expressions of views regarding the position of agricultural economists in matters relating to agricultural policy are not uniformly reassuring or comforting." Many agricultural economists are special pleaders not only for agriculture, but for particular groups within agriculture. This situation is not facing agricultural economists alone -- it faces others in colleges of agriculture and in colleges other than agriculture. I venture to say that there is scarcely a department of agricultural economics represented in this gathering but what feels some pressure. It is not easy to stand up against some of this pressure. With our institutions largely dependent on political bodies for financial support, it is not difficult to realize the dangers which confront us. The solution, I do not claim to possess. Legislation or endowments which would insure regular income would be helpful.

With the statement that the agricultural economist under political or group pressure is not capable of presenting unbiased and uncolored facts I wholeheartedly agree. I am inclined to believe that this is the reason for some of our current agricultural programs. I raise the question as to whether one can be a "good" Democrat or a "good" Republican and still be a "good" agricultural economist. I, for one, doubt it!

Some of us fool that part of the trouble with current agricultural programs is the somewhat naive glorification of agriculture. Much of our planning has been done with reference to agriculture and to a specific group within agriculture. Very little attention seems to be given to the effect which our plans will have on that inarticulate, unorganized group to whom we refer for want of a better name as "the public." Little, if any, attention in much of the planning apparently is paid to the effect upon all of those engaged in agriculture. Generally speaking, about three quarters of the work on American farms is done by the farmer or members of his family. In a state such as California the fraction is only one half. The remaining quarter is done by that unorganized group -- farm labor. If the farm laborer is responsible for a quarter of the work done on American farms, then he represents an appreciable part of "agriculture." Yet, there seems to have been little or no attention given him in the plans which have thus far been announced. The effect of many of our plans for the "farmer" have an effect on the farm tenant as well as on the "owner farmer." The effect reaches out beyond agriculture (whatever that may be) -- to transportation, marketing, etc., of commodities.

Most of us agree that at the present time we do not possess adequate data on incomes of those engaged in agriculture to make definite plans based upon "parity" income. In practically all of our economic planning we have lost sight of an abundance of economic goods and services for all of our people.

"Quite a bit of the attention of existing legislation centers on a relatively small group of staple crops. Will this be adequate for a control program over a period of time or will it be necessary to extend efforts to all lines if programs are to continue?" It will be necessary to extend efforts to all lines of agricultural endeavor. Nowhere do we realize this more than on the Pacific Coast -- and nowhere more than in my own state. The agriculture of some states can be described in terms of a dozen crops or less -- in California upwards of 200. To be specific -- a program for apples will influence the situation in pears. A program for the dairy industry will have an influence on fats. Too little attention is given to the influence of one agricultural commodity on other commodities.

With the loss of some of our export markets we produce more of some of our staple crops, for example wheat, than we need. But with dairy products, fruits, and vegetables, is this the case? Certain persons responsible for some of our programs point out that a splendid piece of work is being done by buying up "surplus" commodities and giving those to persons on relief -- and as a result the health of the nation is being improved. What will be the effect on those millions just above those on relief? Some believe this group to be composed of from a third to a half of our people. For want of a better designation, I refer to them as the "lower middle class." This is the "underprivileged group" in American society today -- on the farm and in the cities. It probably suffers from inadequate diet and from many other handicaps; for example it is at a distinct disadvantage when it comes to such items as medical care.

"Economic democracy" and the "democratic processes" have been mentioned. Do the rank and file participate in programs with an intelligent understanding? Is the method of voting controls democratic? Does not the control on the peach crop influence the pear crop? I do know that if I eat peaches, I usually do not eat pears.

Another point which I would like to bring up concerns "economic democracy" and in mentioning the matter I do not wish to be misunderstood. Few of us are infallible -- none in so far as I know. There should be opportunity for the discussion of all plans -- from an economic and not a political standpoint. Without treading on anyone's feelings, may I say that some of us in the "provinces" feel that not all that emanates from Washington is infallible!

Soil conservation strikes a responsive chord in the minds of most of us. Yet "production adjustment and soil conservation are not in fact as intimately related as apparently assumed in current programs. The extent to which a given crop depletes the soil is determined by other

factors than its relative abundance in the market The use of soil conservation as a cloak for disguising subsidy payments to increase the income of the farmers is open to serious question." With this statement it would seem that there can be little argument..

Science and truth are supposedly synonymous.. An adherence to truth by the individual agricultural economist and a divorce from political considerations would do much to place agricultural economics on a plane meriting the respect of all of our people not alone for the present but for the future as well.